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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Salurday-Sunday, February 28-March 1, 1998

No. 35,767

### Arms Makers Wean Themselves From the Pentagon

By Leslie Wayne
New York Threes Service

NEW YORK - As the United States maintains an armed buildup in the Gulf against Iraq. U.S. military contractors are completing a multibillion-dollar re-organization that has left them less tied to the Pentagon's needs and more beholden to sharchnider

pressures and civilian market forces.

A decade-long slide in America's military procurement budget — it is 69 percent lower today than in 1985 — set off a wave of mergers among military contractors so broad that there are now only three prime military contractors left: Boeing Co., Raytheon Co. and Lockheed Martin Corp.

But more importantly, all three expect military contracts to become an increasingly smaller part of their business. And at Lockheed, which has led the consolidation, military sales will represent a minority of its business in five years.

in fact, what was seen as a military-industrial complex of hundreds of contractors ready to chum out military hardware at the Pentagon's beliest does not exist at anywhere near the same scale it once did, It has been replaced with an industrial base of three major companies, along with many small niche sup-ptiers, where the distinctions between a military contractor and a civilian corporation are increasingly blurred and where the Pentagnn is just one of many customers to do business with.

"We will have American industry providing for national defense," said Lockheed Martin's chairman, Norman Augustine. "But we will not have a national defense industry. This is not the best of all worlds, We'll have to draw on our industrial base rather than having the defense capability of the past.

Jacques Gansler, undersectetary of defense for acquisition and technology, agreed. "We now think of the defense-industrial base as the U.S. industrial base," he said.

The price of this change, industry analysts say, is the potential for less innovation in the design of military products, and less control by the Pentagon over its appliers, in times of peace as well as in war, because the Pentagon has less financial clout over them.

Power has shifted from the Defense Department to the defense contractors," said a congressional nulitary analysi, who spoke on condition of anonym-"The Pentagon has less leverage when there are tewer places to go to fill mission needs. Companies have fiduciary responsibilities to shareholders.

It is, of course, too early to determine the impact

See MILITARY, Page 13

### test Herie toping to read my some and give hand arranged. Finally I contains a given hand arranged took Sadieb & After Iraq Crisis, or of Greece in down rusiness, he sade in show any mone yielded in the same in one yielded in the same in one yielded in the same in the s U.S. Standing Takes Hit in Gulf

Arabs See a 'Double Standard' In Treatment of Iraq and Israel

By Serge Schmemann and Douglas Jehl New York Tones Servace

JERUSALEM - With the Iraq crisis in remission, one question thrown into sharp relief is whether the standing of the United States in the Middle East bas

The refusal of any Arab government other than Kuwaii to support Washington publicly, and the flag-burning demonstrations in support of Iraq on Palestin-

#### NEWS ANALYSIS

ian, Jordanian and Egyptian streets created the impression that the showdown had struck a blow to American prestige, and to its credibility as an honest

But whether the passions of the moment, however strong, amounted to a real decline of American power is another question. There are diplomats and experts who argue that the matter demonstrated that there is still no viable alternative to American power in the region, nor to American mediation between Israel and

Arabs, and some Israeli commentators, attributed the outpouring of support for Iraq on Arab streets to a popular perception that the United States maintains a double standard in the Middle East, using a heavy endgel against Arab reprobates like Saddam Hussein of traq, while doing little to compel Prime Minister Benjamin Netanyahtı to honor Israel's com-

The parallel is untenable, not least because Israel is not demonstrably in violation of UN Security Council decrees. But the theme played loudly in Palestinian demonstrations and elsewhere in the Arab world.

There is a deep feeling that when it comes to the Arabs, it's always very harsh treatment, and when it comes to the Israelis, it's easy," said Mohammed Sid Ahmed, a prominent Egyptian intellectual and colum-

Some Israeli commentators saw in these sentiments a potential shift in the Middle East equation. Whatever happened in Iraq, Hemi Shalev wrote in the daily newspaper Ma'ariv, "over the next few weeks the Israeli government will have to deal with the increasing awareness that the American administration's position has been damaged in the region, damage that is caused by what the Arabs portray with considerable success as the American 'double stan-

dard' toward Israel and Iraq." More broadly, there is the sense that the American threats have opened what Guy Bechor, a commentator for the daily Ha'aretz, described as "Saddamism" a channel for Arab frustrations that arose from the image of the United States as a "barred castle that cracks down brutally whenever the Eastern serf raises

An Arab commentator who has offered one of the darkest interpretations is Mustapha Barky, editor of the Egyptian weekly Al Osbn.

started and it is unlikely that it will stop at any time soon," he said in an interview. "Bill Clinton managed the crisis very badly. The United States is going out from this crisis leaving an image of an arrogant power intent on dividing the Arab world. Arabs now make no difference between Israelis and Americans. Even

See IRAQ, Page 4

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Election officials preparing ballot boxes under the gaze of the police in Calcutta on Friday.

### Sonia Gandhi Shakes Up India Vote

Italian-Born Widow Gives Hindu Nationalists Cause for Alarm

By John F. Burns New York Times Service

POONA India — After she arrived in India as a bride from her native Italy 30 years ago, Sonia Gandhi extracted what proved to be a vain promise from her husband, Rajiv Gandhi: He vowed he would stick to his life as an airline pilot and never expose bimself, his wife or his children to the clamorous, Often dangerous world of Indian pol-

After a month of hectic campaigning in India's general election, the woman who started life as Sonia Maino, the Roman Catholic daughter of a building contractor from a small town near Turin, is today the undisputed star of the domain she once

By Craig R. Whitney

PARIS — Rejecting arguments by the United States and Britain, the World Court at The Hague

ruled Friday that it had authority to decide wbeth-

er Libya must surrender two of its citizens for trial

on charges of blowing up a Pan American jumbo

Libya, which has been under international

sanctions for six years for defying United Nations

Security Council resolutions calling oo it to turn

over the two suspects to Britain or the United

Its offer to try the two suspects itself or let them go on trial in a neutral country is not taken

jet over Scotland in December 1988.

States, hailed the ruling.

At 51, Mrs. Gandhi has added an astonishing new chapter to the story of the Nehrus and the Gandhis. the family that has done more to write the political history of India in the 20th century than any other.

As campaigning across the country ended Thursday before the final round of voting Saturday, there were few in India wbo doubted that Mrs. Gandhi had turned the election upside down. Her work for the Congress (1) Party has left Indian forecasters - who had expected a victory by the Hindu nationalists of the Bharanya Janata Party — reluctant to guess what the final result will be.

In so doing, she has also overcome what could bave been one of her biggest political liabilities: her foreign birth.

See INDIA, Page 4

Libya Wins Court Round Over Lockerbie Suspects

seriously by British or American authorities.
The United States and Britain identified the

two suspects in the case after investigations that

concluded that the bombing had been an act of

state-supported terrorism by the government of

Libyan agents, the countries said, planted a bomb in a suitcase that exploded in a fireball and brought down Pan Am Flight 103 over Lockerbie,

Scotland, killing all 259 aboard the plane and 11

Britain and France argued that Security Coun-

cil resolutions in 1992 and 1993 calling on Libya

to surrender the two suspects to the United States

and Britain precluded the World Court's taking

Colonel Moammar Gadhafi.

on the ground.

jurisdiction in the case.

### 11 EU Nations Fit The Bill for Euro

### Reduced Inflation and Deficits Meet Single Currency Target

By Edmund L. Andrews

FRANKFURT -- With nine months left before the mauguration of Europe's single currency, countries across the Continent provided Friday the most tangible evidence yet that they have already yoked themselves to a common economic policy.

As European governments released their official economic results for 1997, couotries from haly and France to Germany reported that their budget deficits and inflation rates had been slashed low enough to cheer the most dour central banker.

The results, as expected, all but assure that 11 nations, including Italy and other Mediterranean countries, will meet the strict economic requirements for adopting the euro. Two years ago, Germans and many other Continental Europeans whuld have laughed or

gasped at such a prospect, traly, Spain and Portugal, long viewed from elsewhere in Europe as the Continent's economic laggards, have brought their annual inflation rates down to about 2 percent. Their budget deficits, once astronomical, are now lower than those of Germany.

Germany, which continues to reel from record unemployment and massive expenditures to prop up its tormerly communist eastern balf, astonished most experts by reporting that its budget deficit in 1997 was just 2.7 percent of total economic output, far less than most economists had predicted as recently as summer.

Italy announced a deficit of 2.7 percent of gross domestic product, lower than the 2.85 percent forecast just a month ago. France said its deficit was exactly 3.0 percent of GDP, its lowest

Under the Maastricht treaty rules for joining the euro, countries must have achieved a 1997 deficit at, below or clos: to 3 percent of GDP and show that

such a icvel is sustainable in 1998. The new reports testify to a broad shift in economic priorities, in which fighting inflation has taken a clear priority over job creation and more expansive social programs. Despite an element of bookkeeping gimmickry in every country, economists say both the pain and the gain of transformation have been real.

Ausiere monetary policies, which stamped out inflation in France and Italy, have been a big reason for crippling growth and pushing joblessness to double-digit levels across the Continent. Italy has clamped down on pension cheaters, trimmed social programs and passed legislation to drastically curtail pension benefits for the next generation

Germans, meanwhile, have been forced to pay even higher taxes than they already were paying. Mandatory pension contributions jumped to 20.3

Libva asked the court to rule that the 1971

Montreal Conventioo against terrorism in avi-

ation applied instead and gave it the right to

prosecute the defendants itself or find a neutral

the court, Judge Stepben Schwebel, a U.S. citizeo, and a British judge opposed, was only a pre-

liminary finding.

The court ruled that it had jurisdiction to decide

the merits of Libya's case, and it set no date for

eign Secretary Robin Cook said in London. "The

See COURT, Page 4

'This is neither a victory nor a defeat." For-

The court's ruling, 13 to 2, with the president of

lasi several years, and the value-added lax was raised to 16 percent from 15 percent. Bonn reduced spending last year on job-creation programs, which helped add nearly 400,000 people to the jobless rolls last year.

"There is creative accounting in every country," said Martin Huefner, chief economist at Bayerische Vereinsbank AG in Munich, "but it has nothing to do with why we fulfilled the Maas-tricht criteria. The answer to how we achieved it is very simple: It was tax increases.

Three European Union members --Britain, Denmark and Sweden - have cbosen not to join the first wave of

See EMU, Page 4

### Despite Asia, Rubin Gives U.S. Economy High Marks

Bloomberg News

WASHINGTON - Interest rates on U.S. bonds could fall further because investors feel U.S. economic policies are sound and the dollar is "doing well," Treasury Secretary Robert Rubin said Friday.

There is a "general view in the world that our economic house is in pretty good shape, and that gives people con-fidence in this country. Mr. Rubin said in an interview. "And if they're confident in the country they're confident in the currency."

While Asia's economic crisis will push the U.S. trade deficit bigher, Mr. Rubin said, the strength of the U.S. economy is attracting capital from around the world, and declining prices for imported goods will help keep in-flation in check.

"A lot of these factors are also resulting in interest rates" on Treasury bonds and bills "being lower than they otherwise would have been."

Mr. Rubin said the shrinking difference between yields on shorter- and longer-maturity Treasury securities also 'suggests that the marker thinks that if inflation is going down further, the 30year is going to go down, not up." He was referring to the yield on the benchmark U.S. bond.

On Friday, the yield on the 30-year bond was 5.92 percent, down from 5.94 percent Thursday. In January, the yield fell to 5.68 percent, the lowest since the government began issuing 30-year

"At the moment at least, there's insecurity about some other places," Mr. Rubin said, 'and that may cause money to come here to a somewhat greater extent than would otherwise be the case.'

For the moment, the Clinton administration is satisfied with the dollar's value, Mr. Rubin suggested, even though Japanese officials have talked about the possibility of coordinating currency purchases to limit the dollar's gains.

Mr. Rubin also said he had no intention of resigning from the Clinton administration in the near term. "We have an agenda pretty much set out for the rest of the year," he said. "I'm intending to be here to work on the very many challenges we have ahead of us. He also said Asia's economic prob-

See RATES, Page 4

### AGENDA

### U.S. High Court to Judge Line-Item Veto

WASHINGTON (AP) - The Supreme Court agreed Friday to judge the legitimacy of the line-item veto law that gave the U.S. president the power to cancel specific items in spending and tax bills approved by Congress. The highest court's fast-track re-

view of a federal judge's ruling striking down the law sets the stage for a momentous decision by late June on the separation of powers between Congress and the presidency.

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The two main competing forces in Cambodia declared cease-fires Friday, raising hopes that n Japanesebrokered peace plan will unify the country in time for elections in July. Prince Norodom Ranariddh said from exile in Bangkok that the pact would allow him to return to Phnom Penh in lime to run in the elections. Page 5.

The case will be argued before the upreme Court justices on April 27. U.S. District Judge Thomas Hogan invalidated the line-item veto law two weeks ago, a blow to what President Bill Clinton and the Republican-led Congress consider a key to fighting

In 1996, Congress made Mr. Clinton the first U.S. president with such authority, which fast year he used 82

### **Cambodia Factions** Agree to Cease-Fire

wasteful "pork-barrel" projects.

THE AMERICAS Page 3. Face-Off on High-Tech Prying

INTERNATIONAL Angola's Peace Could Lead to War Books. Crossword... Page 18. Opinion . Page 6. Sports .... Pages 18-19. Page 8. The ItiT on-line www.int.com

### By Warren Hoge New York Times Service

venue for their trial.

further hearings.



#### Magnate Made Clear He Disliked Patten's Views for publication in September and that he

LONDON - HarperCollins has dropped plans to publish a book by Chris Patten, the last British governor of Hong Kong, because of complaints from the publishing house's owner, Rupert Murdoch, that it took too negative a view of China.

Murdoch Firm Scraps 'Anti-China' Book

Mr. Murdoch, the international media executive, has extensive holdings in China and ambitious plans for expansion there. In a similar move to avoid irritating the Chinese government in 1994, he removed the BBC news service from his Hong Kong-based satellite broadcaster Star TV after the Chinese protested the service's documentaries on China and its coverage of Chinese

Mr. Patten, governor of the colony from 1992 until its bandover to China last June, said Friday that he was string HarperCollins for damages and breach Chris Patten takes a negative view of of contract. He said that Macmillan had human rights in China in his book. picked upthe memoir, "East and West."

was "adamant that my book will be read the way I intended it to be read." It will be published at the same time

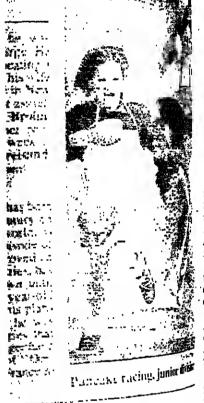
in the United States by Times Books, a division of Random House.

The Daily Telegraph printed on Friday a "private and confidential" HarperCollins memo acknowledging Mr. Murdoch's assessment of the "negative aspect of publication" of the Patten book and setting out the strategy for disguising the real reason publication was being abandoned.

The memo, sent by Eddie Bell, chairman of HarperCollins UK, to Anthea Disney, chief executive of News American Publishing, a subsidiary of Mr. Murdoch's News Corp., in New York expressed great anxiety over the fallots the move would cause and how a "hostile press" might report it. It ended with a request for confirmation that "KRM" Keith Rupert Murdoch - would be

See PATTEN, Page 4

briefed on its contents,



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UNITED NATIONS, New York - Russia, China and France moved Friday to head off any Security Council action authorizing automatic use of force if Iraq violates an agree-ment to open presidential palaces to UN arms

Britain and the United States were pressing other permanent members of the Security Council on Friday to back such a resolution, which would warn Iraq that any violation would have the "severest consequences."

The British initiative, co-sponsored by Japan, warned Iraq of such consequences if it violated the agreement, which was signed by Secretary-General Kofi Annan and the Iraqi deputy prime minister, Tariq Aziz, on Mooday in Baghdad.

Britain's chief UN delegate, John Weston, had said he was confident of winning council support. He said he did not think there was any division within this building about diplomacy backed with firmness achieving

more than diplomacy alone. The chief U.S. delegate, Bill Richardson, said the goal of the resolution was "to send an unmistakable signal to Iraq that it must comply with the agreement to opeo up all the sites or it will face serious, serious con-

Bot the council meeting ended two-and-ahalf hours later with no agreement on final language of the resolution.

Mr. Weston implicitly admitted that the council would likely oot approve the initiative until next week, saying he was "considering whether to invite my colleagues to sit over the

weekend for that purpose."

Diplomats said Russia, France and China were working to soften the British document. The sources said the three were lohbying with the council's 10 nonpermanent members authority would be undermined by the deal, against any language that might open the door to an automatic use of force hy the United States and Britain.

Iraq had violated the agreement and, if so, what response would be appropriate.

This would mean that even if the United States and Britain believed the agreement had been violated, the final determination would rest with the full council.

The council would have to decide separately whether the violation merited use of force. That would mean any of the three dissenters could veto use of force. Any of the five permanent members can veto a reso-

On Thursday night, Mr. Annan canceled a trip to Washington planned for Monday, ostensibly to remain close to UN headquarters while the council does its work.

Russia and France say the British reso-lution is a "cover for future military strikes," a diplomat said. And "China believes that there is no oeed for a resolution," said Chen Ranfeng, a spokesman for Beijing.

Mr. Annan has defended the agreement he struck with President Saddam Hussein in Baghdad. Republicans in the U.S. Congress have criticized it, with Senator Jesse Helms, Re-publican of North Carolina and chairman of the Foreign Relations Committee, saying Thurs-

day that Mr. Annan 'gave away the store.'
Mr. Annan said the alternative to the agreement would have ended UN inspectors' work. The memo of understanding has strengthened the said in a letter thanking UN colleagues for their support. "It is the council, not a few

critics, who will have the last word." The inspectors have been working to certify that Iraq has eliminated all its weapons of mass destruction before the Security Council will lift economic sanctions imposed after Iraq in-

vaded Kuwait, sparking the 1991 Gulf War. · The UN's chief weapons inspector, Richard Butler, rejected speculation that his which calls for diplomats to accompany inspectors on their visits to sensitive sites. He said his UN Special Commission would re-Instead, the three wanted language to en-sure that the full council would determine if scientific analysis. (AP, AFP)

### Palestinian Census Stirs an Argument

By Joel Greenberg

JERUSALEM - Results of the first Palestinian ceosus have been announced, showing 2.9 million Palestinians in the West Bank,

the Gaza Strip and East Jerusalem. The figure published by the Palestinian Central Bureau of Statistics, a branch of the Paiestinian Authority, was significantly higher than previous Israeli estimates of about 1.8 million Palestinians in the West Bank and Gaza Strip and an additional 180,000 in East Jerusalem.

The last census in the West Bank and Gaza Strip was conducted by Israel after it captured the areas in the 1967 Arab-Israeli war, and since then population estimates for those areas have been a point of political contection between Israel and the Palestinians.

under-reporting their numbers for political the West Bank and Gaza Strip, but the census reasons, while an Israeli spokesman asserted showed 210.209 Palestinians in East Jerusalem

were inflated to serve the aims of the authority.

Hassan Abu Libdeh, head of the Palestinian statistics hureau, described the census, the first since the start of Palestinian self-rule in 1994, as a national milestone.

Official Palestinian statistics have been born, and Palestine is now liberated informationally," he said Thursday at a news conference in the West Bank town of Ramallah. 'An independent Palestinian state has been established, at least in the field of statistics." But Sholomo Dror, spokesman for the Is-

raeli Defense Ministry, said the Palestinian data were faulty and included people who lived abroad. "The figures are inaccurate by any standard, and we don't take them seriously," he said.

The Palestinian census counts 2,920,454 Palestinians in the West Bank, Gaza Strip and The Palestinians have accused Israel of East Jerusalem. There was no breakdown for Thursday that the Palestinian census figures about 30,000 more than the Israeli estimate.



Medical students demonstrating Friday following a ban by Istanbul University on Islamic attire.

### Islamists in Turkey Protest

ISTANBUL - Up to 10,000 Turkish Islamists demonstrated Friday against a ban on Islamic attire in the largest of recent street protests that have put pressure on the government of Prime Minister Mesut

"Muslims won't bow down to repression," stu-dents chanted as they marched through streets near Istanbul University. It was the fourth protest this week against the university's han on female students wearing Islamic headscarves and male students having beards, seen as a sign of Muslim piety.

The protests have grown despite a decision hy the university to suspeed the ban. The marchers later

dispersed peacefully, calling for all students to join a general university boycott from Monday. (Rewers)

### Author on Holocaust Is Fined

PARIS — A Paris court fined Roger Garaudy, a French philosopher, 120,000 francs on Friday for questioning the Holocaust in his book "The Founding Myths of Israeli Politics."

Mr. Garaudy, 84, a convert to Islam who has become a hero for many Arab intellectuals, was fined 80,000 francs (about \$13,000) on a charge of denying crimes against humanity. He was fined another 40,000 francs on a charge of

racist defamation for accusing a Jewish lobby of controlling western media. Mr. Garaody argued at his trial fast mooth that he

was only calling for a historical and scientific review of Nazi crimes. But the chief judge, Jean-Yves Montfort, said the 1995 book "outspokenly and systematically disputed" the Holocaust.

The court cleared Mr. Garaudy of a charge of inciting racial hatred. His publisher, Pierre Guillaume, head of the Vieille Taure, publishing house. Was

head of the Vieille Taupe publishing house, was cleared of all charges. Mr. Garaudy, who was not in court when the verdict

### Last Friday, British and Irish governments sus-pended Sinn Fein from the talks after Northern Ireland

LONDON - Northern Ireland's largest unionist party urged Britain on Friday to extend the suspensioo from the peace talks meted out to Sinn Fein, the IRA's political wing, beyond March 9.

Sinn Fein Ban 'Not Enough'

"I made clear our oppositioo to an early return for Sinn Fein," David Trimble, leader of the Ulster Unionist Party, said after talks with Prime Minister Tony

police said the IRA was involved in two recent shootings in the province. The IRA and Sinn Fein are

mgs in the province. The IRA and Sinh Fein ale committed to ridding Northern Ireland of British rule.

Mr. Trimble told reporters to expect his pro-British party to take action if Sinh Fein returned on March 9 as schednled, but he stopped short of saying Ulster Unionist negotiators would walk out.

(Reuters)

### St. Petersburg to Bury Czar

MOSCOW — The government decided Friday that the remains of Russia's last czar and his family would be buried in the former imperial capital, St. Petersburg, on July 17, 80 years after their murder by Bolsheviks.

First Deputy Prime Minister Boris Nemtsov told a news conference the decision to bury the bones of Czar Nicholas II, his empress Alexandra and their children in the Peter and Paul Cathedral was taken unanimously t a special three-hour government meeting.
The Peter and Paul, or Petropavlovsky, Cathedral

has been the resting place of Russian emperors since Peter the Grear, who founded the Baltic city and died there in 1725.

Debates about the burial of the remains, found in 1991 near Yekaterinhurg where the imperial family was killed, have been marred by doubts about their authenticity. Bitter rivalry between local authorities in Moscow, St. Petersburg and Yekaterinburg for the right to hury the family had also complicated the was read out, has denied any wrougdoing. (Reuters) problem.

### Israel Tells Switzerland It Regrets Spy Incident

Industry Silicon Valley

JERUSALEM — Israel apologized to Switzerland on Friday for Mossad's bungled bugging in the Swiss capital, possibly of an Islamic militant, moving to put the embarrassing affair behind

Israel regretted any trouble the in-cident had caused the Swiss government, the director-general of the Israeli Foreign Ministry, Eitan Ben-Tsur, said in a letter to the Swiss president and foreign minister, Flavio Cotti. Apparently in an attempt to justify the operation, Mr. Ben-Tsur also noted that

terrorism posed a threat to Israel's security and to Middle East stability.

The Swiss Foreign Ministry said sie apology — which had been demanded by the Swiss — was received Friday.

In the botched spying operation, five Mossad agents were caught last week trying to hug a small apartment blocking the Bern suburh of Liebefeld.

The building has two tenants with

Arab names. But there was no official confirmation of Mossad's target. Swiss and Israeli media speculated that Mossad believed an Islamic militant either a member of the Iranian-backed Hezbollah groop or the radical Palestinian Hamas movement - was at

work. Swiss authorities said they caught five suspects equipped with surveillance gear after a woman alerted the police. One of the five, an Israeli, was arrested. Israeli political sources have said efforts were under way to obtain his swift trial and expulsion.

The missioo further tarnished the already battered image of Mossad following a hungled assassination attempt against a Palestinian Islamic militant in Jordan last September.

In Bern, Mr. Cotti gave a moted welcome to Israel's apology hut said he would decide later whether to go ahead with a planned visit to the country.

#### ■ Tehran Judge Criticizes Bern

Iran's top judge criticized Switzer-land ou Friday for its handling of the Mossad case, saying an apparent at-tempt to cover it up had tarnished Bern's image, Reuters reported from

Ayatollah Mohammed Yazdi also repeated allegations by Iran's state mediathat the botched hugging attempt in Switzerland targeted Iranian diplomats. Switzerland has denied that the case involved fran:

Tehran radio said that the Iranian ambassador in Berne had met Swiss Foreign Ministry officials Thursday to ask for clarifications about the case and Iran's diplomatic status in Switzerland.

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### Correction

A Reuters dispatch in Wednesday's editions neglected to report that Cable News Network Inc. already operates · a non-English-language television channel, CNN Espanol. In addition, the expansion of CNN's German broadcasts is not a move toward creating a German channel, the company said.

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#### TRAVEL UPDATE

### Fighting for EU Duty-Free Sales

CAPE TOWN (Reuters) - Only Denmark and the Netherlands still want to go ahead with plans to abolish duty-free sales within the 15-nation European Union, the Airports Council International said Friday. Duty free is a win-win situation and we are fighting very

strongly for it," Jean Fleury, council chairman and president of the Paris Airports Aothority, said after a board meeting in

Airports and ferry operators are waging a campaign to oppose scrapping duty-free sales, a move decided by EU finance ministers in 1992. Duty-free sales will continue to exist for people leaving the EU.

Dublin's most famous thoroughfare, O'Connell Street, will get a 40 millioo punt (\$56 million) face-lift. Under the plan announced Friday, the street will have single-lane traffic in both directions, widened footpaths and trees. (AFP)

British Airways and Finnair concluded a code-sharing agreement oo 15 flights daily from London's Heathrow Airport to Scandinavian destinations that will take effect in March.

Higher fees in U.S. national parks have not stemmed the flow of visitors, with four of every five saying they are willing to pay the additional money or even more, the Interior Department said.

### WEATHER

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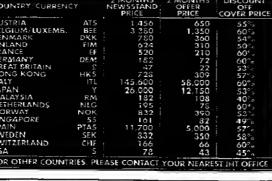
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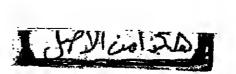


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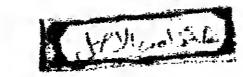
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STREET, S

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May From

**Witics** 



# Israel Tell Switzerlan It Regrets Spy Incide By John Markoff SAN FRANCISCO—President Bill climton described the economic import of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the protection of the Internet in glowing terms to an office the Internet Inter

JERUSALEM — Israel for its consistency of an Islamuc military of an Islamuc military its possibly of an Islamuc military its possibly of an Islamuc military its put the embarrassing affair.

Israel regretted any trouble. rident had caused the Surgarent the director-general oids.
Foreign Ministr. Elian Bendy roteign someon, chan being an a letter to the Swiss production manister. Flavio Com

Apparently in an attempton operation. Mr. Ben-Tsur also at personant posed a threat to be Surrey and to Middle Essi stable The Swiss Foreign Ministry, application — which had been deby the Swiss — was recensi

In the potched spring opera-Mos-ad agents were caughter trying to bug a small apartners the Bern subarb of Liebelds

The building has two letter Aran names. But there was no Aran names, but there was not consummation of Mossid stage and Israeli media spenda Mossid believed an Islamic me estact a member of the land Hezholiah group or the rates timen Hames movement -:

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E STRUCT

# 1. ·

Swiss authornies said the five suspects equipped and a ance year wher a woman are posice. One of the five, as kee arrested, Israeli political sono said ett orts were under way toth while the, and expulsion The mission further und airpaa), tailered image of Mag

ow high a number discussions. Addition of Papastinuan Islament in ist September in Bern Mr Courgareanne contract of istant's apology but would Boot de later whether we. With a planned visit to the tree.

Tehran Judge Criticizek from a top stage unmodels. and to Friday for to building his well wast, saying an aper carnot to acree it up had as

A victoriah Mohammei Yesti mustan pilot, mons ny Iran 🚾 that the both ad bugging & ner ingrand ingeted framak: provingen und mus denied mat-

Buch sumage Reuters myse.

ny latan Fermen radio and that a antique page in Bene had The Newscare Meads It and that the other on about the the entire and term over the sec Bruco E. Carriorness sector in Switch

3 superal fairness theroughfare Office it to-back fund-raising recep-Secretary of the Congress is in session. inclined a sign of the course and men Tire at and Finnair contains and

Free in 1 S. notional purks have generally resentative Mark Neumann.

On Wednerder ut and

over the administration's policy on data

scrambling. The administration has endeared itself to the nation's high-technology center by cuning capital gains taxes and ealling Thursday for a bill that would bar state and local governments from coacting taxes on the Internet until 2004. But encryption may undermine its friendly

relationship with Silicon Valley. The debate over encryption - which has pitted industry and civil liberties groups against law enforcement and intelligence agencies - has sharpened in recent weeks. Legislation that would restrict the use of encryption is about to

be introduced on Capitol Hill. Intense behind-the-scenes negotiarions over a compromise solution be-

By Jill Abramson

New York Times Service

By night, they chased ever

pausing to mourn the failure

unseemly race for campaign

cash as they considered the

McCain-Feingold bill and

then walked outside to attend

the past year, lawmakers and

ing schedule that stacks one

bill's Democratic co-sponsor,

Senator Russell Feingold of

can troned over to La Colline,

a fancy restaurant just steps

from the Senate, where back-

eight other Republican senat-

ors and Governor Tommy

Thompson of Wisconsin.

beadlined a \$1,000-per-person

fund-raiser for Mr. Feingold's

likely Republican opponent in

Away From

**Politics** 

The Mississippi Republi-

event oo top of another.

the usual slew of fund-raising

nance system.

receptions.

Wiscoosin.

WASHINGTON - By

Campaign Finance:

day, lawmakers spent most of brecht, the wealthy founder of

this week debating legislation the investment firm Ham-

that would have significantly brecht & Quist, the president

curbed campaign spending. rubbed shoulders with guests

of another effort to overhaul the McCain-Feingold bill was the nation's campaign fi- pronounced dead, lawmakers

On the Senate floor, vari- restaurants and clubs that rim

Despite all the attention tions, Senate backers of the

paid to financing scandals in McCain-Feingold bill were

lobbyists find themselves be- necessary to overcome Re-

Tuesday night was no dif- more. The loopholes are big-

ferent. After the Senate ma- ger than the laws," said Sen-

jority leader. Trent Lott, ex- ator Fred Thompson, Repub-

ecuted a parliamentary lican of Tennessee. Mr.

maneuver that effectively Thompson, who led the Sen-

doomed the legislation, be ate investigation into the

dealt another blow to the 1996 campaign-finance im-

holden to a frenenc fund-rais- publican delaying tactics.

ous lawmakers decried the the Capitol for their usual

more campaign money, not dine with him.

San Francisco and collected

\$500,000 for Democratic

At the home of Bill Ham-

who paid \$10,000 a person to

And Thursday night, after

and lobbyists repaired to the

Even with the worst cam-

paign-finance scandal since

Watergate and a yearlong in-

vestigation into fund-raising

excesses in the 1996 elec-

unable to muster the 60 votes

"We don't have a cam-

paign-finance system any

broglio, was one of the few

measure, which was suppor-

ted by 45 Senate Democrats

fund-raising bill of fare.

House candidates.

**Die-Hard Habits** 

read without access to a special "key," usually a large number that permits a user to unscramble the information, Law enforcement officials want to force users to put such keys in excrow with independent authoritles to allow for electronic surveillance in criminal investigations.

Silicon Valley executives argue that the demand for the continued ability to wiretap in the information age is wishful thinking at best. The easy availability of powerful encryption software, they say, has quickly made it possible for any two people, anywhere in the world to hold a secret conversation that is beyond the prying ability of even the most powerful code-breaking computer.

Mr. Clinton has told Silicon Valley executives in private meetings that he is

Atizona, and John Kerry, Democrat of Massachusetts, are circulating a revised version of their eneryption hill. It includes several changes in response to industry and privacy concerns but nevertheless has so far won few adherents outside of the law enforcement community. Critics say the legislation is simply a placeholder for future laws that would restrict the use of the technology.

Hewlen Packard Co. has developed a set of encryption technologies, with endorsements from the Department of Commerce, that are intended to let individual governments establish potentially conflicting encryption policies.

The White House is considering several other industry proposals, as it is intent on finding a compromise between industry and law enforcement interests.

electronic surveillance in the digital age.

Ms. Reno said that after nearly three years of negotiations, the Justice Department had reached an impasse with industry representatives over what kinds of modifications to communications technology were necessary to ensure wiretapping abilities and whether the government or industry would pay

Unless the deadlock can be broken, Ms. Reno said, the department will ask the Federal Communications Commission on March 13 to set new standards for all telephone networks so that local state and federal law enforcement agencies have the wiretapping capabilities they feel are necessary for the successful surveillance and prosecution of criminals.

"Unfortunately, if we are pressed to

car fare down there to file the papers."

Ms. Reno and the FBI director, Louis Freeh, have repeatedly argued that keeping up with the rapid evolution of communications technology is one of the most fundamental challenges facing law enforcement. Asked Thursday whether the Justice Department would face limits on its ability to conduct electronic surveillance unless industry made changes, Ms. Reno responded. "I think we're there."

While old-style copper wire telephone systems were simple to tap into. the FBI and other agencies now find themselves contending with communications systems that are increasingly digital and wireless. Telephones can also be used to transmit everything from ordinary conversations to text to pages.

Einstein's Error?

His Rejected Theory May Unravel Secrets

Of Expanding Universe. Astronomers Say

By K.C. Colc

Les Angeles Times Service

LOS ANGELES - In what may be a major

insight into the nature of space, astronomers have

discovered evidence that the universe is expanding

rapidly under pressure of an anu-gravity-like force

While Einstein later called his proposal the worst

blunder of his life, his idea has resurfaced over the

oast decade as a way to solve a host of cosmological

conundrums, including a suggestion that the uni-

there might be" such a repulsive force, said Rocky

Kolb, an astrophysicist, of Fermi National Ac-celerator Laboratory in Illinois, He said that it

might have been a blunder for Einstein to think it

The discovery was made by an international

group of astrocomers who lonked at exploding

stars, or supernovas, that appeared to be burtling

Astronomers know that the universe has con-

away from each other at surprisingly rapid rates.

tinued to expand since its explosive birth in the so-called Big Bang. But it was thought that the mutual

gravitational attraction of all the matter and energy

These supernovas appeared to be so far away that

"Our observations show that the oniverse is expanding faster today than yesterday, "said Adam Riess, an astronomer at University of California at

they implied that the expansion of the universe was

Berkeley, and one of the scieotists who presented

the findings at a meeting at the University of

California at Los Angeles last week. His team

proposed the reason might be Einstein's long-

caused two planets to anracl each other, anti-

The repulsive force, however, was the property of empty space itself. 'There's energy in the

vacuum of space, and that energy wants to stretch that vacuum, 'Mr. Riess said. In other words, the

repulsive force did oot cause the planets to push

away from each other. Rather, it caused the space

gravity would cause them to repel each other.

Anti-gravity it was not, bowever. If gravity

speeding op, rather than slowing down.

abandooed repulsive force.

between them to expand.

in the universe would slow the expansion down.

'This is the first believable direct evidence that

verse was younger than some of its stars.

first proposed by Albert Einstein.

### Liver Transplants

POLITICAL NOTES

At Center of Battle WASHINGTON - The Clinton

administration says it intends to revamp the nation's system for allocating livers to people awaiting transplants so that patients most seriously in need of the organs will have priority over those less sick. The statement by Health and Hu-

man Services Secretary Donna Shalala in a letter to members of Congress was the clearest signal yet of how the government intends to resolve one of the most contentious medical and economic dilemmas io organ transplants; how to decide who should receive the relatively few organs donated each year.

It also may set the stage for a legal battle between the Health and Human Services Department and the United Network for Organ Sharing, the Richmond-based organization that holds the federal contract for coordinating the nation's transplant network. The organization has argued that the government lacks the legal authority to dictate the rules of organ allocation, which the group says should remain in the hands of the "transplant community.

Under the current system, instituted in 1991, livers for transplant are made available first to patients within a local region, even if they are not as critically ill as patients

### Republicans Want Citizenship Check

WASHINGTON - Saying they are rankled by their inability to detect and stamp out voter fraud, Republican House leaders plan to pusb legislation oext month that would tougheo voter registratioo by requiring some sort of cbeck oo a person's citizenship.

The effort comes two weeks after a House committee concluded that a contested California election. which a Democrat won, was marred by the votes of noncitizens. But Republicans were unable to find enough evidence of voter fraud to overturn the election. They argued that was largely because it was difficult to pinpoint a voter's

citizeoship status. By seizing on the issue of citizenship in voting, Republican leaders hope to bait Democrats into a debate that would portray them as beholden to an electoral system riddled with fraud, Republican polisters say.

### Quote/Unquote

James Carville, former political ton and a leading critic of the special prosecutor Kenneth Starr, oo his envy of the subpoena given Sidney Blumenthal, a White House aide: "I'm dying for it. I'm just so jealous of Sidney, I don't know where to turn. How come Sidney got this? He's having the time of bis life. I have a terrible case. I fantasize about them coming to my office and carting the boxes away."

FINAL ECLIPSE - President Ernesto Samper of Colombia peering at a solar

eclipse in Bogota. The eclipse is the last to be seen in South America this century.

### A Question of Public Importance

New York Times Service

and seveo Republicans. Although many cootributors and fund-raisers agree utive privilege.

with Mr. Thompson that the campaign-finance CUITEOU system is disreputable, it works to the advantage of congressional incumbents, who enjoy a huge edge over challengers. Incumbents attract the attention of lobbyists and donors who contribute primarily to promote or protect their legislative interests.

the 1998 Senate contest, Repbaul the system since the late On Wednesday, as the bill's death rattle intensified, 1970s bas gone down to de-President Bill Clinton, a Mc- feat, as the amount of money feted at two fund-raisers in has gooe through the roof.

officials about the Lewinsky matter. As part WASHINGTON — Five news organiza-tions have filed a motion in U.S. District Court ments were beld in secret so it is unclear bow

But in their motion, the news organizations
— ABC, CBS, NBC, The New York Times

negotiations should be conducted openly. arose last week when President Bill Clinton's closest adviser, Bruce Lindsey, appeared bestitutional structure," the motion said, referring fore the federal grand jury that is hearing to the independent counsel and the White testimony about an alleged relationship between the president and Mooica Lewinsky, a stance of any particular grand jury investiformer White House intern. gation and will endure long after the present

> bated in their entirety behind closed donrs." Both the White House and a spokeswoman

Cain-Feingold backer, was raised in each election cycle to oegotiate the terms of any subsequent testi- for Kenneth Starr, the independent counsel,

Republicans who favored the News Organizations Demand Open Hearings on Executive Privilege

here, seeking to make public arguments be- or if they had been resolved, tween the White House and the Office of the Independent Counsel over the use of exec-

answer all questions posed by prosecutors Thus, every effort to over- former White House intern.

After a day of questioning, White House lawyers and Mr. Lindsey appeared the next day before Judge Norma Holloway Johnsoo mony by Mr. Lindsey and other White House declined to comment.

**RELIGIOUS SERVICES** 

and The Washington Post — argued that be-The issue of whether bigh-ranking White cause the dispute "concerns issues of im-House staff members could be compelled to mediate and enduring public importance." any

to the independent counsel and the White controversy subsides. They should not be de-

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### AMSTERDAM

• Federal authorities have uncovered physical evi-dence that links the fatal bombing at the 1996 Summer Olympics in Atlanta with bomb attacks at abortion clinics in the Atlanta area in January 1997 and in Birmingham, Alabama, last mooth, law enforcement officials said. Investigators have concluded that steel plates built into the Olympic bomb matched the metal plates in two bombs planted at an abortion clinic in

• Frederic Whitehurst, the Whistleblower who triggered an overhaul of the FBI's crime lab, has left the bureau with a settlement of \$1.16 millioo, Mr. Whitehurst resigned in a deal that also settled his charges that the bureau retaliated against him for pointing out the lab's fail-

the Atlanta suburb of Sandy

A federal grand jury indicted a former Olympic bicyclist and three others in a scheme to smuggle hundreds of people from the Mideast through Latin America and the Caribbean and then on to Mexico, where they crossed the Rio Grande to their ultimate destinations. (NYT)

Twenty-two bicyclists were killed in accidents with cars last year in New York City, the highest number in a decade, according to figures from the city's Department of Trans-

### CROSSROADS INTERNATIONAL

CHURCH Interdenominational & Evengelical Sunday Service 10:00 a.m. & 11:30 a.m./ Kids Welcome. De Cuserstraal 3, S. Amsterdam Inio. 020-641 8812 or 020-6451 653. FRANCE/TOULOUSE

HOPE INTERNATIONAL CHURCH

[Evangelical). 4, bd de Pibrac, Colo-mier. Sunday service 5:30 p.m. Tel.: 05 62 74 11.55. FRENCH RIVIERA/CÔTE D'AZUR NICE: Holy Timity (Anglican), 11 rue Bulla, Sun. 11; VENCE: St Hugh's, 22, av. Résistanca, 9 a.m. Tet 33 04 93 87 19 83.

FRANKFURT English Speaking International Catholic Parish, St Leonhard, Alte Mainzer Gasse 8, 60311 Frenkint, Germany, TeVFex 069-283177, Mass schedule: Sainday 5 p.m., Sunday: 10 a.m. Confessions: 1/2 hour before Mass.

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(English Speaking & St. Patrus
Canislus Kirche), Am Alten Bach 2,
Oberusel/Chersteden), Mass Sun. 1190,
Pastor Fr. Bruens 069 7191 14 30 or
Church Office 06171 259 83.

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Prayer. 3 rue de Moraroux, 1201 Geneva. ST. MARY'S CATHOLIC CHURCH

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O4 08 Métro 1 to la Défense Esplanade.

8:30 a.m. Holy Eucharist Rite II: 10:30 e.m.

16:00. Tet. (0511) 941-0505.

FRANKFURT

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10:00 a.m. INTERNATIONAL CHRISTIAN FELCharal Eucharist Rite III: 10:30 e.m.

SAINT JOSEPH'S CHURCH (Roman Catholic) MASS IN ENGLISH: Sal. 6:30 p.m.; Sun.: 8:45 a.m., 11 a.m., 12:15 p.m., 6:30 p.m. 50, avenue Hothe, Paris 8th. Tel. 01 42:27:28:56. Metro: Charles de Gaulle - Elefe.

ZURICH-SWITZERLAND

ENGLISH-SPEAKING CATHOLIC MISSION; St. Anton Church, Minervastraße 63 Sunday Mass; 8:30 a.m. & 11:30 a.m. Services held In the crypt of St. Anton Church.

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FLORENCE 51 JAMES CHURCH, Sun. 9 a.m. Fite | & 11 a.m. Rite II. Via Bernardo Rucellel 9, 50123, Florence, Italy Tel: 3955 29 44 17.

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BRUSSELS/WATERLOO ALL SANTS' CHURCH, 1st Sun. 9 & 11:16 Holy Euchards. All other Sundays:

THE CHURCH OF ST. AUGUSTINE 1.B.C. 13 rue Vernier, English OF CANTERSURY, Sun. 10 a.m. service, Sunday evening 18:30, Family Eucharia: Frankfurter Strasse Wiesbaden. Germany. 7el.; pastor Roy Miller - Tel.; (04 93)

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Warship Sur., 17:00, Pastor telephone: 0421-78 648.

BUCHAREST

LB.C., Strada Popa Rusu 22, 3:00 p.m Contact Paster Miles Kemper, Tel. 312 3660. BUDAPEST I.B.C., meets at Morics Zsigmond

Gimnazium, Yorokvesz ut 48-54, Sun. 10:00, Tel. 250-3932. LB.C., World Trade Center, 36, Draham Tzankov Blvd. Worship 11:00, James

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Duke, Pastor. 7el.: 971 - 2192.

Old City, Muristan Rd. English worship Sun. Sodenerst, 11-18, 83150 Bad Homburg. Sunday Worship, Nursery & SS: 11:20 A.M. Mid-week ministries, Pastor M.Levey, Califax: 06173-62728. AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay,

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### Angola's 'Peace' Could Lead to War

### Savimbi's Forces Resist Government's Agreed Takeover of Towns

By Lynne Duke Washington Post Service

HUAMBO, Angola — A veritable museum of destruction, Huambo's bomb-cratered streets, hullet-splattered houses and hlasted high-rise huildings are constant reminders of war's ubiquitous menace.

But one need not look to ruins of past battles to know that menace still stalks Huambo. Here in the central highlands region and elsewhere in battle-ravaged Angola, there are increasingly frequent reports of bridges hlowo up or new land other is still holding a knife."

The deadline, when agreed upon in crackdowns by government forces or ambushes on the roads or rebel forces

Technically, Angola is at peace. But, like war, it can be hell.

'I get very upset," said Alfredo de young boys, and we would be forced to Santos agreed to end their 19-year war. take part in armed force. Our future will

Mr. Sacotingo's fear also plagues the Angola's 39-month-old peace process struggles through a profoundly treacherous phase, tensions surrounding the mines. dismantlement of the UNITA rebel movement eventually could boil over ioto renewed guerrilla conflict or prompt a government move to crush UNITA

At issue is whether the headquarters of the Nanocal Union for the Total Independence of Angola at Bailundo, as well as several other towns in a strategic buffer around it, will be handed over soon for government administration. Jonas Savimhi, the skillful tactician who hurdle: giving up his heartland or facing practiced in what is called a "unity" once was a U.S. Cold War proxy and is the consequences. The United Nations amoog the world's longest-surviving has lost patience and may soon pull out rebel leaders, agreed in writing that such or impose new sanctions oo UNITA,

a handover would occur by Saturday. officials have extended state adminis- against it. The government wants the tration to towns closer and closer to United Nations to leave, a source close Bailundo, they have met increasing hos- to the peace process said, as hawks in the tility — at the negotiating table and on military are hristling to act.

the ground. Diplomats say the handover will oot occur this weekend.

UNITA justifies its delays, in part, by pointing to the hard line that government too, has yet to happen. But when it does, troops have taken in crackdowns on the estimated 20,000 troops that UNITA with old foes who then do the same in

"The degree of mistrust is tremen-dous here. Tremendous," said Behrooz Sadry, a UN assistant secretary-general who is supervising the Angolan peace process. "Perhaps we've tied one of their hands behind their back, but the

January, was supposed to be the climax of the peace process that began with the November 1994 signing of the Lusaka accord after a government siege of Huambo forced UNITA to flee to Bailundo and negotiate for peace. With Deus Sacotingo, 23, a teacher wounded that document, UNITA and the govin the 1994 siege of Huambo. "We are ernment of President Jose Eduardo dos

The United Nations dubbed it the 'worst war in the world," especially the final two years, when Huambo and government, the United Nations and oth- Kuito, to the east, and other interior er international mediators. It is that as towns were pummeled by repeated sieges. Hundreds of thousands of people were killed or maimed, mainly by land

> The country's economy and infrastructure were left so crippled that renewed combat would be a disaster. Amid deepening government corruption and the continued militarization of the national hudget, not even the nation's tremendous oil wealth has rescued An-

gola from ecocomic crisis. Despite these high stakes, the peace process teeters oo the brink of derailwhich has flouted the arms, travel and But as UN observers and government flight prohibitions already brought

In addition to giving up his strong-holds, Mr. Savimbi also agreed to de-clare his movement demilitarized. This, former UNITA towns, settling scores is believed to be secretly keeping in the bush could become fair game for army

Although oegotiating maneuvers have oot yet been exhausted and the United Nations continues to try to manage a volatile situation, the threat of eventual military action against UNITA looms large, say diplomats in the capital.

"They have a signed UNITA commitment to take certain actions hy February 28," said a source close to the peace process. Once that date passes, "if they want to send troops into these places, they can send troops into these

UNITA hostility was evident in the region last week.

Two bridges were blown up near the UNITA-controlled town of Quirima, oear Andulo, as it was to be handed over to the government. A UN belicopter inspecting the damage was hit by smallarms fire from an armored personnel

UNITA ooce controlled more than half of Angolan territory, most of it rural. Of 339 UNITA towns or villages slated to be handed over to the government. about 270 have been transferred. But low-grade conflicts have broken out in many of these places.

Despite the bostility in the bash, UNITA has complied with the Lusaka accord to the extent of sending some of its 70 politicians into the national Parliament and four into the cabinet, where ment as Mr. Savimbi faces his biggest a more moderate form of opposition is government

Speaking of a world far away from the one in which he now operates, Abel Chivakuvuku, president of the UNITA bench in Parliament, said, "The prob-

"UNITA people fear" that the ruling party will "nev UNITA," he said.



Prime Minister Romano Prodi, left, with Finance Minister Carlo Azeglio Ciampi, detailing Italy's data Friday.

### EMU: Europe's Common Fiscal Policy Shows as It Meets Terms

Cootinued from Page 1

monetary union, while Greece has conceded it will not make the grade until 2001 at the earliest.

The next step toward monetary union comes March 25, when the European future central bank, will recommend which nations should be allowed to join in inaugurating the single currency. EU leaders are expected to endorse the choices at a summit meeting May 2-3.

Yet the hard-won achievements do not solve Europe's crisis in joblessness, which is on average twice as high as that of the United States. Nor do they mask buge differences that separate Europe's fast-growing tigers from its richer but slower nations.

Even as European countries embrace similarly strict fiscal and monetary policies, a fissure is widening between countries embracing greater flexibility and deregulation versus those strug-

gling to preserve the generous social protections and job guarantees they built up during the past several decades.

At one extreme is Ireland, long one of the poorest countries in Europe. By offering prospective employers well-edu-cated workers at relatively low wages, Commission and the European Mon-erary Institute, the precursor of the EU's land's economy has grown faster than that of any other European country. Spain is experiencing a similar ecoocmic renaissance, with growth soaring and inflation down to 2 percent.

At the other extreme are Germany and France, where growth has been repid and joblessness has increased. Though economic growth finally began to accelerate last year, thanks to a de-cline in the value of their currencies that dramatically lifted exports, most economists predict that unemployment will fall little or not at all by the end of the year because high costs, high taxes and rigid regulations remain prohibitive. In general, economists say that Euro-

pean countries will be launching the euro under the best circumstances they could possibly have hoped for. Most predict that Europe will enjoy faster: economic growth in 1998 than it has in years, even though the Asian financial crisis is expected to dampen exports.

#### ■ Nations Exceed Debt Ceiling

EU member states' debt figures paint a mixed picture, with only four countries meeting the Maastricht treaty's guideline for national gross debt of 60 percent of GDP, Reuters reported.

But the high debt is unlikely to stall monetary union as the treaty says countries can take part if their debt is approaching that level.

Italy, which along with Belgium is. furthest from meeting this target, said its debt was at 121.6 percent of GDP last year. Germany's debt was at 61.3 percent, and Finance Minister Theo Waigel said the ratio would fall to 61.25 percent this year. France said its debt was below the 60 percent threshold.

### INDIA: 'Foreign' Sonia Gandhi Shakes Up Election Campaign

During ber campaign, Mrs. Gandhi has accomplished a government, many Indians transformation, both of her- say Mrs. Gandhi will have 980 million. self and of Indian politics. In achieved something cooplace of the reclusive widow sidered almost impossible sbe became after ber hus- reviving the Congress Party band's assassination in 1991, after long years of shrinking she has emerged as a credible support brought about by though still reluctant candi- chronic date for prime minister, the crooyism. dira Gandhi; and her hus-Jawaharlal Nehru.

casting system, ofteo partial a watershed victory in a battle won by their allies. on Mrs. Gandhi.

India Today, the country's most widely circulated newsmagazine, devoted its cover and much else this week to "The Sonia Blitzkrieg," and compared ber performance, perhaps inevitably, to that of a diva in an Italian opera.

"It is a spectacle from start to eod," the magazine said, citing Mrs. Gandhi's "spaghetti English and accented Hindi," her "aggressive mar-keting" of the Nehru-Gandhi family's political legacy and, above all, her impact oo the vast crowds that have gathered for her 140 campaign appearances, estimated to have totaled more than 15 million people. "Women cry unabashedly when she talks of her lonely existence, and others gawk at the 'white woman speaking Hindi," it

Even if the results, which are expected by Tuesday, show that the Hindn natioo-

Prince Harry.

ward VII.

Royal Family."

barred from the line.

Edward, and theirs.

U.K. to Waive Succession Rule:

First Born to Be First to Reign

LONDON - Queen Elizabeth II has decided that the

The ending of primogeniture, or soccession through the

crowo should pass to the monarch's oldest child, male or

male line, was anounced to the House of Lords on Friday. It will not make any immediate difference: the

first three people in line to succeed the queen are males -

her son Prince Charles, and his sons Prince William and

But if Prince Charles's line were to die out, one

suggested version of the new rules would put Princess

Anne, the queen's second child, ber children and future

descendants, ahead of her younger brothers, Andrew and

A bill that called for the end of primogeniture had been introduced by Lord Archer, better known as the novelist

Jeffrey Arcber. In light of the government's inteotions,

Victoria would have been succeeded by her daughter, Victoria, rather than her soo Edward, who became Ed-

if women had had equal rights to succeed, Queen

The queen had no brothers, so she automatically be-

Lord Williams said: "A major constitutional measure

of this sort ought properly to be the subject of a gov-ernment bill. We will be considering how best to carry this

forward within government and in consultation with the

where succession irrespective of sex has been the rule

The new system will be much the same as in Sweden.

In Spain and Belgium, by contrast, all females are

(AP, Reuters)

Lord Archer said he would withdraw his hill.

came the heir when her father took the throne.

the head of a new coalition

leader of an alternative co-

corruption and

the Muslim minority, now 120 million in a population of Most opinioo polls now indicate that Congress will win 150 seats, perhaps as many as 175, in the 545-seat Parlia-

ment, at least 100 more than many politicians predicted hefore Mrs. Gandhi's campost ooce held by her hus-band; her mother-in-law, In-Congress may emerge as the Hindu nationalists have watched with growing appregrandfather, alition formed by 15 or more hension as forecasts of their also grew up. parties naited by their deter- own seat couot have receded. 4 Die in Explosions indians have been stunned. mination to block the Hindu in some polls to as low as 210, Even the fusty state broad- nationalists. This would mark including seats that may be

vision oewscasts with reports independence leader, who Mrs. Gandhi, paying her scant Press reported.

Continued from Page 1 such a hold on Parliament as was unremittingly opposed to attention. Then, as the polls to make them unstoppable at the nationalists' hostility for showed the Congress Party's support picking up, men like Atal Bihari Vajpayee and Lal Krishna Advani, who would lead a Hindu nationalist government, became increasingly shrill, warning of the dangers of a "foreign hand"

ог a "Rome Raj." Few doubted that this was code for Mrs. Gandhi's Roman Catholicism, a faith in which her son, Rahul, 27, and her daughter, Priyanka, 26,

and 20 were wounded in three to the Hindu nationalists, has going back decades, to the era Initially the Hindu nation- blasts in and around Bombay led many of its evening tele- of Mohandas K. Gandhi, the alists seemed perplexed by on Friday, Agence Franceblasts in and around Bombay

IRAQ: U.S. Standing Takes Hit in the Gulf



alists have won, or have taken A Hindu boy in Bombay holding a poster of Sonia Gandhi as campaigning eo ded.

bow friendly are the Americans.'

Continued from Page 1

America's friends are oow asking questions as to

some in Israel who view such sentiments as a

temporary and common wave of anti-Americanism

said Mark Heller, a senior research fellow at the

Jaffee Center, a foreign-policy group in Israel

happening anyway. They talk as if there was a goldeo age of cooperation in 1991, or in 1993,

which was not the case. The difference is that Arub

countries this time did not feel threatened by Sad-

The fence-straddling could be further explained

by the Arabs' uncertainty over whether the United

States intended to topple Mr. Saddam. "They didn't want to commit themselves against Saddam

unless they were certain that the United States would take him down," Mr. Heller said.

Whatever the sentimeot oo the street, the crisis did not change the reality that the United States is

still the dominant power in the region and the primary guarantor of stability in the Gulf.

As one European diplomat noted, Gulf countries

rely on the United States in one way or another to

protect them from their powerful oeighbors, Iran

and Iraq.
"Willy-nilly, the Gulf countries have to admit
"willy-nilly, the Gulf countries have to admit

that they have oo option hut the American security guarantee," the diplomat said.

the key to Washington's standing is not in the Gulf,

Ultimately, most analysts seemed to agree that

'Nobody sees Iraq at this functure as the main

Basically you take a free ride oo something that's

that Arab leaders found it convenient to ride. "I call it the 'free propaganda rider syodrome,

But oot all analysts are so severe, and there are

### PATTEN: Murdoch Firm Scraps Memoir for Its Anti-China Views

#### Cootinued from Page 1

[News Corp. said in a statement Friday that "Rupert Murdoch at no time tried to change Patten's book and be did oot ask anyone to change it." Reuters геропед.

["From the start, however, be expressed dissatisfaction about the de-cision to publish it," the statement said. 'He made his view clear to Harper-Collins when he first learned the book had been commissioned.

The statement added. "Rubert Murdoch did not agree with many of Patten's positions in Hone Kong which he thought abrogated promises made by the previous government."]

The dispute has received broad coverage in receot days in all British oewspapers and broadcast outlets but has been ignored by The Times, a leading broadsheet, and The Sun, the higgest selling tabloid. Both are owned by Mr. Murdoch. The memo was dated Jan. 20, the

same day the publisher of Harper-Collins's trade division. Stuart Proffitt, sent a letter to Mr. Patten reacting to the first 70,000 words of the book.

"It's enormously impressive and enormously enjoyable." Mr. Proffitt

book by any modern politician which is Books, said that in his book, Mr. Patten so lucid or engrossing or which has predicted it would be a best-seller.

Margaret Thatcher's two-volume autobiography, made the same comments at introduce the book to the trade and talk which is not flattering." about plans for a four-part BBC documentary, a lecture tour and oewspaper ten, a former head of Britain's Con-

But on Feb. 5, Mr. Proffitt was summoned to the office of Adrian Bourne, managing director of the trade book division, and was told Harper-Collins was dropping the book. The reason was to be that "the material as it stands does not match up to the original outline or indeed inspire us from a commercial standpoint.'

When Mr. Proffitt refused to say he would go along with the decision, be was handed a legal "gagging letter" telling him that if he discussed the matter with anyone, he would be guilty of gross misconduct and fired without compensation. He is suing the house for constructive dismissal

In a lelephone interview from New wrote. "I don't think I have ever read a York, Peter Bernstein, the head of Times

"rakes a tough stand oo China's burnan quickened my blood so frequently." He rights abuses, and be is very critical of the Chinese government's intentions in Mr. Proffin, a widely known non-fiction editor responsible for landing moves to greater democracy." Mr. Patten's London agent, Michael

Sissons, said Mr. Patteo's book "gives a a gala dinner reception Jan. 29 organized full and frank account of his personal by the publisher at the Savoy Hotel to dealings with Chinese government,

As governor of Hong Kong, Mr. Patservative Party, came under vitriolic attack from the Chinese for dramatically altering Britain's stance of accommodation with Beijing and expanding democracy in the colony. The governmentcontrolled Chinese press called him "a criminal of a thousand antiquities," a 'serpent," a "whore" and in its most fanciful epithet, a "tango dancer."

Mr. Murdoch has styled himself a foe of totalitarianism and has used his news outlets to convey his own conservative views in favor of entrepreneurship and individual liberty. Mr. Patten criticized Mr. Murdocb's move against the BBC in 1994, saying it was "the most seedy of betrayals" for those who champioo freedom of speech in one country "to curtail it elsewhere for reasons of inevitably short-term commercial expediency."

### COURT: Libya Wins Round Over Lockerbie Suspects' Extradition

### Continued from Page I

court has decided that it wishes to consider these complex issues in more detail

at a full hearing.

Meanwhile, the UN resolutions stand: Lihya must surrender those accused of the Lockerbie bombing for trial in Scotland or the United States.

An international lawyer familiar with

threat to the Arab world," Mr. Sid Ahmed said.

"This is totally different from 1991, when Saddam

compare between what Saddam is doing and Net-

default option on any menu. Now that there is a

Specifically, there were reports in the Israeli

press that the Clintoo administration was poised to

present a plan of its own to revive the peace talks.

According to Ma'ariv, the plan calts oo Israel to withdraw from 13.1 percent of territory controlled exclusively hy Israel in the West Bank in three

stages over three months. At the same time, an

Israeli-Palestinian-American committee is to be set

up to mooitor Palestinian compliance with their

If the reports prove true, and the Clinton ad-

would go a long way toward compensating for any loss of American stature over Iraq. By most ac-

counts, the Palestinian issue, at least symbolically.

remains the primary gauge of American credib-

lower than at any time I can remember it, and to

restore it will take not just finding a way out with

Iraq, but something tangible that benefits the Pal-

As one senior Western diplomat in an Arah

side of the agreement.

sense that Iraq has gone away, the other one will

anyahu's obstruction to the peace process."

Lihya had the right to try them or was doesn't get us closer to any kind of ohliged by the Security Council resolutions to surreoder them to the United States or Britain.

At the United Nations, the chief Britain.

Libya," the lawyer said. But he added that the court could rule

that the UN Charter requires Libya to comply with the Security Council resolutions. In 1992, the court, known for-Justice, declined to issue injunctions against the United States and Britain that so." Libya had sought to prevent them from imposing the sanctions against it in the ter continues, and the Security Council Security Council.

was seen as a real threat. Now there is nothing to France has charged six Libyans, in-cluding Colooel Gadhafi's brother in law, in connection with the bombing of a law, in connection with the bombing of a French airliner than killed 171 people RATES: However exaggerated the sentimeot may be, with Iraq off center stage for now, the Israeliover the Sahara in 1989, when Mr. Gadhafi was angry with Paris for resisting a Libyan invasion of Chad. Palestinian issue is certain to renum and put Washington's standing to a quick test.
"Iraq just bought Netanyahu a time-out," Mr.
Heller said. "The Israeli-Palestinian thing is the

France will try those Libyan defendants in absentia this year.

### ■ Ruling Upsets Victims' Families

A group of families of victims of Pan Am Flight 103 said oo Friday they were "appalled" by the court's decision. Reuters reported from New York. "I am appalled," said Susan Coben.

spokeswoman of Justice for Pan Am 'I am absolutely appalled, and I am extremely upset because it is often re-ported that the families want this in-

ternational trial somewhere - and they

do not. The vast majority of American ministration succeeds in reviving the Israeli-Pal-estinian peace effort, the sense is that such action tional trial." Ms. Cohen of Cape May Court House, New Jersey, lost her 20-year-old daughter, Theodora, in the bombing. She and other American families who lost rela-

tives are suing Libya in civil court in New York seeking unspecified financial country said, "American credibility in the region is damages. The lawsuit alleges that the Libyan government contributed to the bombing

and should be held responsible. Ms. Cohen called the ruling by the

the case said that the ruling meant that International Court of Justice in The the World Court would decide whether Hague "a disaster." saying, "This

"To that extent, it's a victory for ish delegate said that the ruling did not mean Libya could reverse Security Council resolutions.

What it has said is that it does have jurisdiction in this matter, that it wants to hear more detail and more argument on mally as the International Court of the substance of the matter," Sir John Weston said. "And no doubt it will do

> "In that sense," he added, "the matresolutions stand."

### Continued from Page 1

lems should bave only a minimal effect on the U.S. and world economies. "Right now the contagion appears to be cootained," Mr. Ruhin said.

Daily reports delivered to the U.S. Treasury show that Sooth Korea has built up its foreign currency reserves "very, very substantially," he said 'Korea's situation is very much improved over where it was at the end of December." Mr. Rubin said. In addition. Thailand is in "a much better situation," and its currency, the baht, is

Clintoo would oppose any effort by Republicans in Coogress to repeal rules that require many investors to hold assets for 18 mooths to qualify for a lower tax rate

'been responsive' to the president's argument that any budget surplus be set aside for Social Security, and the administration "should be able" to prevail against Republican efforts to pass a tax

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recovering, he said.
Oo another note, he said President

on capital gains. He also said the American people had

io Ciampi, detailing Italy's data in hows as It Meets Terms

pean countries will be launcher enth might the past encouragest could possibly have hoped for y bacques that Entobe will subtile years, even though the Asian for crisis is expected to dampen eye M Nations Exceed Debi Cellin

EL member states debi figurate a mixed picture, with only form tries meeting the Maastrich ets guideline for national gross debepercent of GDP, Reuters reported But the high debt is unlikely ne monetary union as the treaty saya: trie- can take part if their demag proaching that level.

Italy, which along with Below furthest from meeting this tapes the debt was at 121 6 percented and the section of Percent. and Finance Minsig has and . Walge, sold the ratio would fall able. per cent this year. France said me was in low the nit percent threshold

#### for Its Anti-China View

h les Breches, said that in his book Mr h. Trakes a truth stand on Charde. right- abuses, and he is veniona the Chinase government's mana Hong None and how it set output moves to greater democracy Mr. Fratson's London agent lick

to the Backman some Mr. Patter's feetiges that and thank account of here. dealings with Course game As governor of Hone Kone We tern, a former head of Britan Control of Con

servative Party, carre under tiefthen there he Chinese for draw. dainer will Regung and expanse control - Chinese press called in crimina da incusand impins whole, muse Surre and the second of tango dates. No. Non work has styled made er toloren atter and Las sied me OTHER ACCORDANCE ON COMPANY Mr. Martin Time against #86 14624, 823 (112 1132 "the most beiras en la mae who champed Approximately the second of th

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Strong U.S. Econo Continued from Piel

leses should have only a minute on the Land world work with the land world work are a second and the land of the l contained Mr. Rubin said of Daily reports delivered her Treasure show that south her built on the same of the same built up its foreign comments A CLL, Substantian is very service over where it was all a provided over where it was all a provided over where Rubin sales. The company of the comp 1100. Thitiand is in a much attended to the state of the st Cirror world oppose more publicate in Congress to the publicate in Congress to the publicate in Congress to the publication in the pu require many investors to the 18 months to quality for a longer on capital sains. Americal parties the parties and the parties are the parties and the parties are the parties

asia Martin ... should be and a significant efforts at early line of the control of the control

The singular depravity of the sexual assault charged in this indictment galvanized everyone in federal and local He also said the American of the said of t law enforcement" to cooperate, Zachary Carter, the U.S. anomey in Brooklyn, said in announcing the indictment.

### A Winning Policy: Lend to the Poor Microcredit Helps Bank Thrive

By Barry James

International Herald Tribune BRUSSELS - The head When the money came back, Bangladesh's rural he went to the banks to try to Grameen Bank, Muhammad persuade them to lend to the Yunus, says the Asian finan-Yunus, says the Asian finan-cial crisis never would have the idea. So Mr. Yunus started happened had institutions lent guaranteeing loans himself to the extremely poor rather and eventually set up his own than to the very rich. cooperative bank. Based on his own expe-

rience running the bank for 21 years, the poor would have cial rates of interest to more returned every cent of capital with interest. Bailing out big- loans this year will top \$500 time investors and debt-enmeshed governments, on the other hand, be said, carried a thal his bank is in any way a

The Asian crisis is largely the fault of the international banks and lending organizations, who have the attitude of the more you have, the more

you get," he said.
"But concentrating investments on an elite leaves most of the rest of the economy empty. And who are you bailing out? Someone who had \$40 million and now has \$10 million. He's not exactly on the street. You bail him out and wait for the next crisis."

Mr. Yunus, who was in Brussels for meetings with European Union officials, said that while the rich can ride the economic storm, "It is the poor who lose their street stall value." It would make more sense to lend directly to them.
"You would get a better

payback," he said. In an experiment known as microcredit, which has been replicated by other organizations in dozens of other countries, Grameen has proved that the poor can handle money with integrity. The customer-owned bank is a "democracy of credit," Mr. Yunus said. We say that if you have nothing, you get the highest pri-ority." The bank looks for no business or other skills. "The have been kept entirely defact you are a buman being is

good enough for us," he said. Mr. Yunus started the bank almost by accident, after he had returned to Bangladesh following a professorship in the United States. He was em-

poverty he saw around him, and lent a group of workers \$27 from his own pocket.

Since then, the bank has lent \$2.3 billion at commerthan two million clients, and million, an annual record.

Mr. Yunus rejects the idea risk of throwing good money charity. It has not received any international aid for the past three years, raises capital by issuing bonds, covers its costs and pays its 13,000 employees a "respectable" salary and benefits.

dignity and initiative. Human beings thrive oo challenge.

The largest loan made by the bank was \$3,000 to a customer who wanted to start an equipment-leasing business. The average loan is \$170, and the repayment rate is one that most commercial banks would envy - well in excess of 98 percent.

By lending tiny sums to the extremely poor, the bank enables them to escape the grip see their money lose of money-lenders and middlemen and get a foot on the first rung of the economic ladder. Once they have repaid their first loan, usually within a year, they can apply for a larger one. Customers are formed which approve their own loans, if anyone in the group defaults, all are cut off from further credit, which means that each member of the group has a powerful motivation to ensure the success of the oth-

pendent, Grameen has defied conventions - attracting opposition from the political and clerical establishment by making 94 percent of its bank's board members, nine barrassed by the extreme are village women.



"I'm against charity," he said. "It takes away human Second Prime Minister Hun Sen of Cambodia welcoming the cease-fire on Friday in a speech in Phnom Penh.

### Cambodia Factions Agree to Cease-Fire

### Japanese-Brokered Pact Could Allow Ranariddh to Return for Elections

By Joseph Kahn New York Times Screwe

BANGKOK - Cambodia's two main competing forces declared cease-fires Friday, raising tentative hopes that a Japanese-brokered peace plan will unify the country in time for elections in July.

Forces loyal to Second Prime Minister Hun Sen, Cambodia's effective ruler, into self-help groups of five, and resistance troops allied with Prince Norodom Ranariddh separately made the cease-fire announcements.

Prince Ranariddh, speaking from Bangkok, where he lives in exile, said the agreement paves the way for him to return to the Cambodian capital of Phnom Penh in time to run in the elections.

Mr. Hun Sen and Prince Ranariddh were installed as co-prime ministers after United Nations-supervised elections in 1993. But they loans to women. Of the have waged a low-level civil war since Mr. Hun Sen overthrew his rival in a coup in

July 1997, Mr. Hun Sen says convicting him of treason, allow free and fair elections, the prince will be tried for The prince would then be Western diplomats say. Few treason if he returns to Phnom Penh. The international community continues to recognize Prince Ranariddh's official title of first prime minister. An Asian diplomat close to

the negotiations called the accord the first real progress toward peace since the coup. The two sides are serious about negotiating an agree-ment, he said. That in itself is very good news. This is only

the beginning, of course. But there is at least some bope." The cease-fire fulfills the Khmer Rouge rebels, fulfilling first major step in a peace a condition of Mr. Hun Sen. process quietly mediated by Japanese diplomats in Bangkok and Phnom Penh in

recent weeks. Under the plan,

pardoned by his father, King expect that the cease-fire Norodoni Sihanouk, and return to Cambodia, where the Hun Sen government would guarantee his safety and allow him to campaign freely.

A few other elements of the

Japanese plan have recently fallen into place, A Hun Sencontrolled election commission dropped a residency requirement that would have disqualified the exiled prince from the July elections. The prince has promised to cut ues to

Still, the plan has been greeted skeptically by much of the foreign diplomatic community. Mr. Hun Sen has con-Mr. Hun Sen would stage a sistently defied international military trial of Prince Ranar- attempts at mediatioo and gividdh in absentia, presumably en few indications that he will

marks the end of Cambodia's political and military turnoil.

The text of the Cambodian government cease-fire also raised immediate problems. The agreement demands that Prince Ranariddh's "extremist" forces surrender.

"Just hand over the troops and we will accept them," Mr. Hun Sen said Friday, commenting on the cease-fire.

Since the July coup, Mr. Hun Sen's army has sought without success to destroy Prince Ranariddh's small resistance force, which is based along Cambodia's northern border with Thailand. The troops are the prince's only major bargaining chip, and he insisted Friday that they would retain the right of self-defense.

#### BRIEFLY

### Kim's Foes Clear Way for Vote

SEOUL - South Korea's majority party agreed Friday to allow a vote on President Kim Dae Jung's nominee for prime minister but said it still opposed the choice.

"We haven't solidified a date for the vote, but it's likely to be on Monday," said Maeng Hyung Kyu, a spokesman for the majority Grand National Party. "We

are feeling pressure from the public.

He said the party, which had been boycotting Parliament since President Kim's inauguration Wednesday. had not decided whether to abstain or let its members

President Kim nominated his coalition parmer, Kim Jong Pd. to head the cabinet. Grand National says the nominee's service under military dictators and his lack of experience in economics make him unqualified for the job. (Reuters)

### Singapore Bans Political Film

SINGAPORE — Singapore on Friday banned political parties from making videos and buying television time.

Several members of Parliament criticized the move. but Information and Arts Minister George Yeo dismissed their objections.

"Our intention is to keep political debates in Singapore serious and not have them become like the selling of

Singapore has also expanded rules against pornography to new technologies like electronic mail, CD-

ROMs, video CDs and digital video discs. "It is not our objective to increase the level of censorship in Singapore," Mr. Yeo said, "Just maintaining the existing level of censorship is difficult enough," (Renters)

### Suicide Hoped to Save Firm

TOKYO - A businessman involved in a triple suicide pact apparently took his life to get insurance money that he hoped would save his firm. Japanese reports said

The businessman, Masaaki Kobayashi, 51, left a note telling his firm's accountant to use 400 million yen (\$3.14 million) in life insurance to head off bankruptcy, the Kyodo press agency reported.

Mr. Kobayashi, president of Spot Co., a car parts marketing firm, and two agents who sold the company's products to Japan's biggest automakers committed suicide Wednesday in separate rooms at a hotel in suburban

#### Amputations in Afghanistan

KABUL - Afghanistan's fundamentalist Taleban government gave a woman 100 lashes for adultery and amputated the right hands of two men for theft in Kabul

The sentences were carried out in Kabul's sports stadium, where more than 20,000 residents of the capital

The two men, convicted of stealing goods worth 19 million afghanis (\$500) from a Kabul shop, were anesthetized before their right hands were cut off from the (Reuters)

### 4 in Attack On Haitian

By Joseph P. Fried
New York Times Service

NEW YORK - The federal government has formally taken over the prosecution of four police officers implicated in the brutal attack on a Haitian immigrant and expanded the case by indicting a Brooklyn sergeant for allegedly helping the four officers cover it up. In addition, the sergeant and

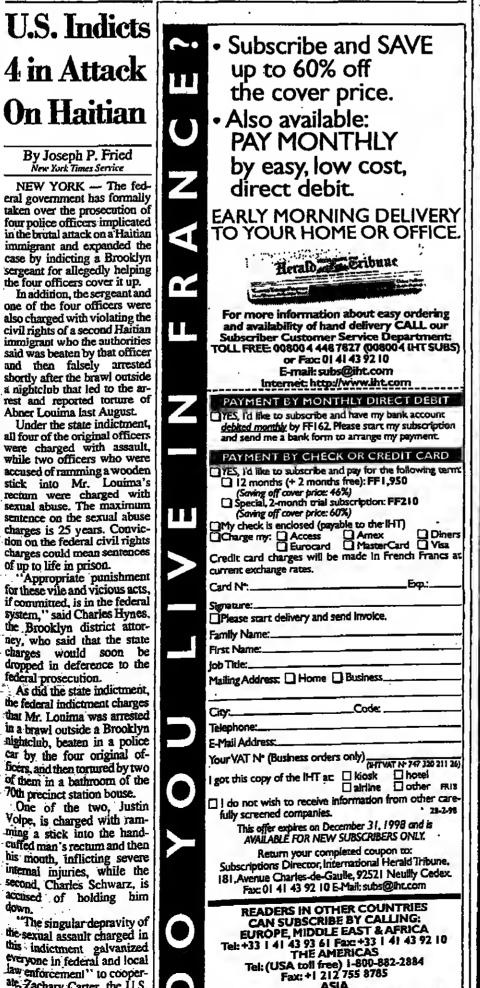
one of the four officers were also charged with violating the civil rights of a second Haitian immigrant who the authorities said was beaten by that officer and then falsely arrested shortly after the brawl outside a nightclub that led to the arrest and reported torture of Abner Louima last August.

Under the state indictment, all four of the original officers were charged with assault, while two officers who were accused of ramming a wooden stick into Mr. Louima's rectum were charged with sexual abuse. The maximum sentence on the sexual abuse charges is 25 years. Convic-tion on the federal civil rights charges could mean sentences of up to life in prison.

"Appropriate punishment for these vile and vicious acts, if committed, is in the federal system," said Charles Hynes. the Brooklyn district attorney, who said that the state charges would soon be dropped in deference to the federal prosecution.

As did the state indictment, the federal indictment charges that Mr. Lonima was arrested in a brawl outside a Brooklyn nightclub, beaten in a police car by the four original of-ficers, and then tortured by two of them in a bathroom of the 70th precinct station bouse.

One of the two, Justin Volpe, is charged with ramming a stick into the handcuffed man's rectum and then his mouth, inflicting severe internal injuries, while the second, Charles Schwarz, is accused of holding him



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### EDITORIALS/OPINION

### **Holding Up Foreign Aid**

mestic dispute over abortion is holding up congressional approval of funds for international purposes of vital American interest. One such purpose is to enable the International Monetary Fund to help troubled Asian economies, among other things, to buy more American goods. A second is to pay up American arrears to the United Nations, an organization in the center of American efforts to banish proscribed weapons from Iraq.

The trouble arises from an amendment offered by Representative Christopher Smith, Republican of New Jersey, and supported by the House Republican leadership. Current law already bars any U.S. funding for foreign abortion-related services, lobbying or research. Mr. Smith would go on to revive the Reagan-Bush "Mexico City Policy." It denies American aid to any foreign nongovernmental organization that performs abortions or lobbies for abortion even with its own money.

In the domestic debate we support the side favoring choice. But of course both sides are principled in their fashion, and both stir important constituencies. You could call it a difficult but

unavoidable fight among Americans. Bot wby must this fight be exported onto foreign terrain? The limitations that the Mexico City Policy imposes upon the work of foreign nougovern-

on the options available to poor comtries to manage their own future. The anti-lobbying provision intrudes especially egregiously oot only into the medical standards but also into the political practices of aid recipients.
As Secretary of State Madeleine Al-

bright put it, that provisiou punishes nongovernmental organizations "for engaging in the democratic process in foreign countries and for eugaging in legal activities that would be protected by the First Amendment if carried oot in the United States.'

The current House Republican position is to demand that the administration negotiate a compromise banning lobbying but allowing limited family planning aid. The Clinton administration is right to want no part of a compromise that narrows the personal choices open to women abroad, interferes in the development policies of other countries and invades the public space they maintain for policy debate.

House Republicans have attached policy legislation, including United Nations reform and State Department reorganization. Their amendment constitutes a rank interveotion into other countries' domestic business and de-

-THE WASHINGTON POST.

### **James Bond Fantasy**

There is a seductive quality to covert any CIA operation will remain secret spy operations. Turn over millions of for more than five minutes or that it dollars to the Central Intelligence Agency, the theory goes, and let it use the black arts of sabotage and subversioo to accomplish what diplomats and generals cannot. Washingtoo is now cothralled by the idea that James Bond methods can remove Saddam Hussein from power. Unfortunately, the notion is a fantasy and a poor substitute for the hard work of dealing with the threats presented by Iraq.

It is fortuitous that CIA brainstorming about Iraq, as described by Tim Weiner (IHT, Feb. 27), coincides with the publication of a long-secret internal report about one of the agency's most spectacular failures, the 1961 Bay of Pigs invasioo of Cuba.

Though the cases are different in many respects, both are based on overly optimistic expectations that eutrenched dictators can be toppled by small acts of insurrection. Saddam today is no more likely to be overthrown through acts of sabotage than Fidel Castro was 37 years ago by a bedraggled band of invaders.

The danger of covert operations is the illusion that a secret policy can make up for the deficiencies of a public make matters worse because they do not remain covert for long and often misfire, embarrassing America. In the case of Iraq, there is little chance that

will unseat Saddam. Instead of looking for painless solutions that do oot exist and gestures that create the impressioo of toughness, the Clintoo administration and Congress should wrestle with the difficult issues of how America can keep Iraq in check. It is a demanding, frustrating and persistent challenge that requires the kind of patient determination that American political leaders find hard to sustain, especially in an election year.

Pieces of such a strategy are already in place, including international weapons inspections and the readiness to use military force to coerce Iraqi cooperatioo. If the latest inspection plans prove inadequate, Washingtoo will have to demand improvements and use American power to secure them if diplomacy does oot.

The White House should also be looking for overt ways to support legitimate Iraqi opposition groups. One proposal to form a provisional government in Iraq under the protection of American air power seems impractical for oow, but there may be other ways to help build an opposition front that could someday be a credible alterncome easily, but there at least ought to be a recognition in Washington that the CIA is oot the answer to Saddam.

—THE NEW YORK TIMES.

### Campaign Reform

There was no sbortage of gleeful burial crews on Capitol Hill Thursday proclaiming the death of campaign finance reform. In truth, it was disappointing that no more than 51 senators, well short of the 60 needed, voted to cut off a filibuster of the McCain-Feingold bill led by Trent Lott, the majority leader. But if reform supporters keep attaching the measure to other legislation in coming weeks, the most significant cleanup of the uation's polluted electoral system since the post-Watergate reforms of the 1970s can still be salvaged.

Mr. Lott triumphantly pulled cam-paign reform from the Senate calendar. But surely it was an ignominious step to block the will of the majority of the Senate. The record now shows that all 45 Democrats (one of wbom was absent on Thursday) and 7 Republicans favor reform.

It will take eight more Republicans to overcome a future filibuster, but there are enough moderate Republicans in the Senate who understand that the party looked cynical and hypocritical after exposing wrongdoing in the 1996 campaign and then blocking

the one chance to reform the system.

The tactics of parliamentary guerrilla warfare are oot pretty, but they have worked in the past in getting approval of the minimum-wage bill and the congressional gift ban. What most also happen is that thoughtful Republicans who have supported the concept of reform should now come up

with their own ideas and eoter into oegotiations with the Democrats, mocb as Senator Olympia Snowe of Maine did, enabling her to endorse the McCain-Feingold bill once her own

amendment was attached. Reformers also need to turn their attention to the House, where the speaker, Newt Gingrich, has promised vote on campaign finance reform this year. Like the Senate, the House probably has a majority that favors the ban on unlimited contributions and curbs on campaign attack ads financed by labor unions and corporations. Any step toward reform by the House could pressure the Senate and save the chances of cleaning up

-THE NEW YORK TIMES. .

### Other Comment

#### Suharto's Idea

Whatever one thinks of currency only erode his credibility further if he contribution to Indonesian develop-

> — Far Eastern Economic Review (Hong Kong).

boards, having stated his intention to implement ooe, President Suharto will now backs away from the discipline it implies. At the center of Mr. Suharto's meut has been the establishment of order. But to keep it he will need to give up coutrol.

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### Don't Worry, Any Gain by Saddam Will Be Fleeting

WASHINGTON — Winning in the Middle East is a short-term, illusory exercise. No victory is stable in a region so marked by profound social and economic fracture and constant political betrayal. Grim survival, to fight and perhaps lose on another day.

That is why Americans should not be too opset, or outraged, that Saddam Hussein rakes in most of the short-term gains of the latest U.S.-Iraqi confron-tation. The Iraqi dictator will squander those gains, which lie more in the realm of psycbology than in real diplomatic or military advantage. If he does not, the United States still has the capability to take them away from him.

The question is whether President Bill Clinton has the grit and resolve to use that capability in Iraq. The management of the first phase of this crisis which is not over - unfortunately does oot provide a conclusive answer.

Trent Lott, the Senate majority leader, and other Republicans exaggerate when they accuse Mr. Clinton of having made a bargain with the devil, in the form of UN Secretary-General Kofi Annan, to 'subcoutract' U.S. foreign That breach, in turn, will lead to policy and further a strategy of "aggressive multilateralism."

deliberate strategy, and underestimates in the negotiating brief that Mr. An- and live up to his word.

By Jim Hoagland

the amount of desperation, that marked the Clintonites' use of Mr. Annan and his dash to Baghdad. That mission was directed at getting Mr. Clinton out of a confrontation for which he was not yet ready, as well as at avoiding the damage a U.S. attack would bring to Iraqi

The text Mr. Annan brought back contained no serious violation of the conditions the United States and Britain had set for staying military action now. But there were serious and sur-prising gaps, especially on procedures for future inspections.

Those gaps will have to be worked out not by Mr. Annan but by Richard Butler, the head of the UN Special Commission inspection teams that Saddam wants to block. With strong American backing, Mr. Butler and his American deputies can shape the agreement into an arrangement that either protects the integrity of the weapons inspections or makes Saddam respon-

That breach, in turn, will lead to "the severest consequences," a phrase that Russia, France, the United States, That overestimates the amount of Britain and China agreed to include

nan carried to Baghdad with him.
It is Mr. Annan's performance since
he returned from Baghdad that has awarded Saddam conse Somewhere between the Euphrates and the Hudson rivers the highly competent, steely Ghanaian diplomat I have known for two decades metamorphosed into Miss Manners, accepting Saddam Hus-

Most roubling was the warm way in which Mr. Annan, speaking to reporters in New York on Tuesday, embraced Saddam as a decisive leader who deserved more respect from Mr. Butler's inspectors. Suddenly the top civil servant at United Nations, which had previously vowed to ostracize and tame the Iraqi dictator, treated him as a sen-

sein as an expert of decorum.

sinve and caring negotiating partner.

Saddam will market at home Mr. Annan's misguided praise of him as a statesman as proof that the world is relaxing its opposition to the terror and hardship Saddam inflicts on his people. It is oxygen to him.

I doubt that Mr. Annan believes Saddam has suddenly had a character transplant. Mr. Annan is realistic enough not to harbor such illusions. He seems to expect that offering Saddam some dignity and new legitimacy will encourage him to behave responsibly

That was the approach George Bush and Jim Baker tried on Saddam before they started calling him Hitler Jr. That is the kind of human charity that Bill Chaton expressed in saying that Saddam might undergo a conversion someday, and then minimizing his de-predations for six years. Prince and sympathy encourage Saddam not to re-

sponsible behavior but to new outrage.

Ask the Kuwantis, who lie bell pay
for his war against Iran and then got
invaded by him. You could ask his political associates, but they invariably wind up dead. Mr. Aman should remember that it is not fatal to be Sad-

dam's enemy but to be his friend.
Saddam's gams are likely to be ephemeral, and Mr. Clinton may well. et another chance at military action, for which he should be better prepared.

In the end, Saddam and President

Clinton are on irreconcilable paths. The Iraqi will not permit inspections that endanger his hold on a personal arsenal of chemical and biological weapons, whatever he has agreed with Mr. Annan. Mr. Clinton and his aides have made dramatic statements about such weapons and about Iraq in this crisis that have alerted the American public to the dangers of doing nothing.

The showdown is still to come.

### Use the Reprieve to Prepare for the Inevitable Showdown

HOUSTON — The appar-resolution of the standoff between Iraq and the United States is an occasion for neither celebratioo, as some in the Clinton administration suggest, nor recrimination, as some of the administration's critics would have us believe. It is, rather, a sobering reminder of the need to prepare

opinion, inevitable - confroutation with Saddam Hussein. In the short term, the agreement by Secretary-General Kofi Annan and the Iraqi lead-er freed President Bill Clintoo from a nasty dilemma. Had Mr. Clinton ordered substantial, sustained air strikes against Iraq — the best of a number of not very good military options the diplomatic con-

oow for the next - and, in my

would have been severe. But the consequences of oot so acting, after months of threats and a major American military buildup in the Gulf, would have been even worse. lost prestige and credibility in a region that is vital to our

sequences in the region and,

indeed, around the world

By James A. Baker 3d Mr. Annan deserves great

credit for negotiating an end to the standoff Of course, it is important that

the fine print be clarified to make sure the United Nations inspectors can essentially go anywhere, anytime. It is also important, as Mr. Annan generously noted, to understand that the American military presence in the Gulf helped make his diplomacy more effective. But most important, Saddam Hussein's actions most

oow match his promises. Unfortunately, there are many - and I am among them who do oot think that will be the case. We will almost certainly see his "cbeat and retreat" obstructionism again.

If so, what happens next time? The administration will be in an even tougher position. Our erstwhile coalition partoers will surely show no greater enthusiasm for the use of force. And responding as we have before - using "pin-We Americans would have prick" force or accepting another promise - should be out of the questioo.

Each time Saddam gives the ments he has made or with again by simply making more ment to The New York Times.

international community the back of his hand, there is no meaningful penalty. After a while be simply promises

again to do what he has been

obligated to do since 1991, and the stage is set for a repeat That is where I fear we are oow, I suspect Iraq (and some former members of our 1991 coalition) do not believe that Mr. Clinton will ever use substantial, sustained force. Our former Arab partners do not want any part of a policy that would involve more pinprick attacks - a one-shot bombing

> Such attacks could prompt an anti-American backlash in these countries without significantly weakening Saddam. What the Clinton administratioo should do now is make several things very clear to Iraq, to our former coalition

of a few military sites, for in-

stance, as has been done sev-

eral times since the war ended.

the American people:

applicable Security Council promises, these regimes will resolutions, we will react with

• The force we use will be sustained and substantial.

• Our reaction will not be preceded by months (or even weeks or days) of negotiating or procedural wrangling under the guise of diplomacy. Diplomatic and political efforts to force compliance have been exhausted.

• We will maintain our current military strength in the Gulf for the foreseeable future. We will use that force unilaterally if necessary.

Whatever lies ahead, it is vital to keep in mind that countering Saddam represents only part of our interests. The broader concern is halting the spread of weapons of mass destruction - perhaps the greatest security threat confronting America and the world today.

Only the United States can lead the fight against the proliferation of doomsday weapons. We must not shrink from it. Rogue regimes around the world are watching closely. partners, to Congress and to • The next time Saddam If Saddam fails to comply and does not comply with agree- we allow him to escape yet tion. He contributed this com-

Though this is less than Japan

recognize the euro's potential.

Europe and the diversification.

of settlement currency but en-

conclude, probably correctly, that proliferation has won. And they will be emboldened.

There is nothing wrong with cootainment of Iraq's weapons programs as a policy, provided that it is sufficiently robust and sustained. It worked against the Soviet Unioo for more than 40 years. It has worked against Saddam's ouclear, chemical and missile capabilities for the last seven years.

It can be made to work against his biological weapons capabilities.

But only if we lead - from strength and with resolve. And if we do, we will be surprised at how many of our reluctant former coalition partners will end op cheering us on.

President Clinton has said about the Annan agreement that what is important is not Saddam's words but his actions. That is true, Bot it is also true that what is important next time is not Mr. Clintoo's words but his actions.

The writer was secretary of state in the Bush administra-

### It's Time Asia Thought About the Euro and the Yen

HONG KONG — Members of the Association of South East Asian Nations have been having fanciful dreams about using each others' currencies rather than the U.S. dollar for regional trade. Meetings on the topic may make for good headlines.

Bot the regioo would do better to examine how it can take advantage of what is going on in the grown-up currency world of the euro and the yen.

In time, local currencies are likely to be used more in bilateral trade. But for oow, most ASEAN trade is with the outside world. Only 25 percent of ASEAN trade is with other association members. Singapore, thanks to its entrep6t role, accounts for nearly

about when they say they don't

care whether their president

chases women he's not married

to, perhaps including one young

enough to be his daughter? How

can they say infidelity, and the

cheating and lying it almost

necessarily involves, doesn't

I bear some form of these

questions all the time, most often

from people who never much liked or trusted Bill Clinton. But

the questioners insist they are

talking about something beyond

personal distaste. They wonder

at polls that show Americans

giving the president increasingly

favorable ratings while simul-

taneously saying they believe he has fooled around on his wife.

They wonder if Americans have

I don't think so. I think Amer-

icans are saying something more subtle: First, that while a leader's personal morality counts, it is

not the only thing about a leader that counts, and, second, that

there is a useful distinction to be

surprise me that a lot of people who now give Bill Clintoo's

presidency a favorable rating

might have voted for someone else if they had beard — and

credited - the allegations now

I think people do want insight

their political leaders and, other for his economic survival and

into the personal morality of

swirling around him.

Regarding the first, it would

made between crime and sin.

lost all sense of decency.

WASHINGTON — What can people be thinking By William Raspherry

Much of the rest of regional provide a unique opportunity for tionals shipping parts between currency of denomination and

By Philip Bowring

trade is generated by multinafactories in the region. They have oo interest in using local currencies. Only Singapore's all, of its Asian trade in Deutsche currency has a strong reputation and may become used in some regional capital market transactions. Overall, the issue of ASEAN currency usage is irrelevant

Two other events are relevant. however. The euro will come into existence at an opportune time for a Southeast Asia looking to escape its dollar straitjacket. Whether the euro proves a strong or weak currency is not particularly relevant. It will

things being equal, will prefer the good guy to the scoundrel.

But other things are not always

equal, and the rejection of an

ostensibly more upright candi-

date in favor of a less pious oue

may oot mean anything at all.
Certainly no one would couclude from Ronald Reagan's
defeat of Jimmy Carter that the
American people do not like
leaders who go to church regularly, teach Sunday school and

adhere to their marriage vows.

is that some people who might

have considered Mr. Carter a

better persoo, from the stand-

point of personal morality, thought Mr. Reagan would be

of folks might wish that Mr. Clinton walked a straighter

moral line but still think him a

pretry good president?
That's one piece of it. The other is that a lot of voters who

would oppose a candidate

short of their own standards

might still draw the line at hav-

ing the criminal justice system

render their moral judgment.

Certainly I draw that line. That's wby I find myself out-

raged by wbat is happening to

Henry Cisueros, the former sec-

retary of bousing and urban de-

velopment, who is now fighting

whose personal morality fell

Isn't it just possible that a lot

the better president.

The only logical conclusion

Asian countries to diversify the the settlement of their trade. Germany does much, but far from marks. But in general the dollar is the dominant currency in Europe-Asia trade.

This was a reasonable situation when most Asian currencies had stable rates against the dollar and Europe had several currencies, most of which were. unfamiliar in Asia. But a single currency in Europe and exchange rate volatility both internationally and regionally argue for diversification of trading currencies by Asia.

Now both he and his former

paramour face criminal charges

for lying about the details. In his

case, he is alleged to have lied to the FBI (which was doing a background check on him after

his nomination to the HUD

post) about the amount of

out of whack when a man who

was, by most accounts, a first-rate cabinet officer and an ac-

complished politician, and who

is a decent buman being, is forced to the brink of bank-

ruptcy - not by mistrustful or

morally outraged voters but by

(who else?) an independent

I know, these independent counsels are not pursuing infi-delity but perjury. True enough. But the underlying offense,

without which none of the rest

would exist, is adultery. I doubt

that many people, apart from members of the political oppo-

sition or the special prosecutor's office, consider fooling around

on your spouse and lying about it

either the adultery or the lying

to agree that it's time we Amer-

icans learned the difference be-

You don't bave to condone

as two separate offenses.

tween sin and crime.

counsel?

money he forked over. I dou't want to defend per-jury. But isn't something a little

to keep it quiet.

hance Asia's ability to compete in the informal euro area. The euro will come in handy for other reasons, ton. First, for its own economic stability. Asia must think in terms of currency stability against the three major **Distinguishing Sin From Crime** global currencies, not just ooe. It oeeds to diversify foreign exchange reserves away from a dollar that now accounts for perhaps his very freedom. And what did be do? He had an affair some 70 percent of regional reserves. The dollar may be strong oow, bot bow loog will it and then, after the affair ended, remain so given the size of for-eign dollar holdings and the he paid the woman some money

. trade deficit? Asia also needs to diversify its sources of debt. The euro area promises a capital market almost equal in size to the do-

The countries expected to mestic U.S. debt market. Unlike join the euro account for about the United States, it has a large 15 percent of ASEAN trade. savings surplus.

What applies to the euro also (22 percent) and America (20 applies to the yen. Japan and its percent), Asia would do well to currency may be out of favor, but Tokyo is at last encouraging yen usage. The liberalization of Japan's financial industries will It could quickly become the preferred trading currency in Eastern Europe and in countries produce a surge of yen lending such as Turkey, whose main and yen-denominated securities. trading partner is the European. If Japanese institutions do not Union: Recognition of the euro's potential should thus not lead the way, the more aggressive foreign institutions in merely expand trade with Tokyo will

Asians have borrowed a skepticism about the euro from the Anglo-Saxons. And for their own reasons they have been reluctant to engage with Japan on financial issues. But ASEAN members oow must consider bow to take advantage of global currency developments. They may find it increases their bargaining power in debt negoti-ations. After all, it is the Europeans and the Japanese who are Asia's main creditors, not the cannier U.S. banks.

An Asia-Europe summit meeting is set for Londoo in April. The Asians now should be considering bow to bargain their oeed for trade finance and loan restructuring for Europe's need for euro success. International Herald Tribune.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

#### 1898: Steamship Safe

NEW YORK — The overdue French line steamship Cham-pagne was towed into Halifax, Nova Scotia, to-day [Feb. 27] by the steamer Roman, M. Réné Japbet, a superintendent of the French line, said the first- and second-class passengers would come at coce to New York from Halifax by rail and the thirdclass passengers by steamer.

#### 1923: French Law

PARIS - [The Herald says in an Editorial:] Several acrests of Americans in France within the last few months have drawn atteotion to a feature of French criminal law which differs esentially from that of Anglo-Saxon countries. This is imprisonmeot upoo simple accusation, without communication with friends or counsel. No foreigner can reasonably quarrel with this rule when it affects only citizens of the country itself, bot when applied to Americans it evokes a resentment which is not very favorable to the maintenance of that cordial understanding between the two nations which the vast majority in each religiously cherishes.

Minister Klement Gottwald, after watching his twelve new ministers sworn in today [Feb. 27] by President Eduard Benes. assailed the tripartite denunciation of the tactics that gave him power in Czechoslovakia. He said Czechoslovakia would not take "lessons in democracy from those who have Munich on their conscience." The government also charged tonight that Great Britain, the United States and France "had not the slightest legal right to interfere or even criticize the internal life of Czechosłovakia."

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1948: Gottwald Replies PRAGUE -- Communist Prime

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which he should be better prepare in the end. Saddam and beat Clinton are on irreconcilable pate is Chaton are on meconcurrent lands will not permit inspectors to hold on a personal section and biological and biological and of chemical and biological ways to have the has agreed with the nan. M. Clinton and his and h made dramatic statements about weapons and about Iraq in the te that have alerted the American

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strength and with resolute mad, it is that course the arreas Severa de la com-

ASS MECHANIS that what is imponished Saddam's words buter trans. That is true, Busses States can gray that what is impossing st the protime is not Mr Clinter seed dio in in net should that his actions. OCS MOSTIC

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dam's enemy but to be his free Saidam's earn's gains are likely by ephemeral, and Mr. Clinton try ephemeral, and military are. special as a character at military and a character than the harter many and the character and the char

to the dangers of doing nothing The showdown is still to come

Tiz il ashington Post

promises, these regimes, conclude, probably one Council that proliferation has won; they will be emboldened There is nothing wrome.

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against his biological way. But only if we lead - in

: Ac do. we will be surprise how many of our educaformer coalition parties of Frestient Clinton has in-out the Annan assent

volume library. "The Estorick Collection is one of the finest collections of early 20thcentury Italian art anywhere in the world," said Nicholas Serota, director of the Tate

origin to Eric Estorick's remarkable eye and judgment as to the importance of Italian art at a time when it was unfashionable. A Brooklyn-born writer, dealer and collector. Estorick acquired most of his Italian artworks in the late 1940s and 1950s. Mar-

Modern Italian Art.

ried to an Englishwoman, he founded Grosvenor Gallery (Fine Arts), in London in 1960, and spent much of the second balf of his life in Britain.

By Alan Riding

New York Times Service

penned by the poet Filippo Tommaso Ma-

rinetti offered other similarly inspired slo-

gans, among them, 'No work without an

Of course, no matter how revolutionary,

any art movement that dares call itself Fu-

tund seems bound to face early obsol-escence. And after enjoying its 15 minutes — or 15 years — of fame, Italian Futurism

was overtaken hy new avant-gardes. Yet in its belief that a single vision of the world could embrace all art forms, it nonetheless

fueled the artisme debate raging in Europe in

the "burden" of Italy's artistic heritage and

of modem life in new aesthetic ways. "We

alfirm that the world's magnificence has

ocen enriched by a new beauty, the beauty

of speed." the ever-proselytizing Marinetti

declared. 'We will sing of deep-chested

locomotives whose wheels paw the tracks

like the hooves of enormous steel borses."

In practice, though, the movement was more intellectual than artistic, dedicating

ments about literature, film, architecture, mu-

sic, painting, sculpture and broader topics like "The Futurist Reconstruction of the Uni-

Lust." Only in visual arts did Italian Fu-

turism leave a significant legacy, re-

menibered today thanks largely to the art

Now, in the unlikely setting of an early

19th-century town house on a quiet square

in Islington, the Italian Futurists have found

a London home in the Estorick Collection of

NAUGURATED on Jan. 27, the mu-

seum, Britain's first dedicated to mod-

ern Italian art, contains 100 paintings, drawings and sculptures and a 2,000-

critics and museums it set out to destroy.

and "The Futurist Manifesto of

express the energy, vitality and machinery

Its aim was to east off what it considered

aggressive character can be a masterpiece. We will destroy the museums, li-

braries, academies of every kind."

the early decades of this century.



Umberto Boccioni's 'Modern Idol," which he painted in 1911.

Shortly before his death in 1993 at the age of 80, his children persuaded him to create the London-based Eric and Salome Estorick Foundation.

The collection offers an overview of 20thcentury Italian art through the mid-1950s, with paintings by Modiglian; and the Metaphysical artist Giorgio de Chirico as well as drawings and etchings by Giorgio Morandi. paintings and drawings by Mario Sironi and Massimo Campigh, oils by the Italian-Sloyenian painter Zoran Music and sculptures by Emilio Greco, Giacomo Manzu and Marino Marini. The museum's most important works, though, belong to Futurism.

painting, Umberto Boccioni, Carlo Carra, Luigi Russolo, Giaconn Balla and Gino Severini quickly adopted the techniques of Cubism. But while Braque and Picasso layored still lifes and portraits, mostly in drah colors, the Futurists chose to show cars, trains, evelists, dancers and crowds in bright colors, repeating a form's outlines like multiple photographic exposures (or ancient Egyptian and Etruscan moch of its energy to theoretical pronounce- designs) to create a sense of movement,

Moving objects multiply themselves, became deformed, follow each other in succession, like vibrations in the space through which we travel," the "Futurist Painting: Technical Manifesto" of April 1910 stated. "Thus, a running horse has not 4 legs but 20, and their movements are triangular,

In the Estonick Collection, this technique is well illustrated in Balla's "Hand of the Violinist" (1912), in which the musician's left hand is seen hurrying through five dif-ferent positions. Similarly. Boceioni's study for "The City Rises" (1910), Carra's "Leaving the Theater" (1910-11) and "The Boulevard" (1910-11) by Severini capture the hustle of pedestrians in different geometric shapes. Balla's "Speeding Auto-mobile" (1913) and Boccioni's "Dynamism of a Cyclist" (1913) are in turn studies of speed.

But the Futurists also sought to break

with the past in other ways. In "Modern Gallery, which exhibited part of the collection in 1956. "The collection owes its titute wearing a hat laden with pink and yellow flowers and fruit, Boccioni seemed intent on hreaking with academic formalism in his use of contrasting bright and dark colors and hizarre slashes of yellow light. "How is it possible still to see the human face as pink, now that our life has multiplied our perception as colorists?" the 'Futurist Painting: Technical Manifesto' asked. "The human face is yellow, red, green, blue, violet."

### For Beauty or for Scholarship?

Princes, Poets and Paladins' Asks Some Urgent Questions

By Souren Melikian

ONDON - Of all the questions that arise in our lobal world, few are as difficult as the dilemma faeing those who attempt to introduce to their constituency art from remote cultures with different besthetic premises. Do you want to be encyclopedic or sharply focused? Do you aim for beauty or do you reject the notion of selection?

"Princes, Poets and Paladins." at the British Museum until April 12, which deals chiefly with book painting in fran and India, from the Persianized Mogul court to Hindu principalities, raises the question with renewed urgency, even if that is not the purpose of the show put

together by curator Sheila Canby. The works are borrowed from one of the greatest collections in the world, formed by Prince Sadruddin Aga Khan, A descendant of Fathali Shah of Iran (1799-1854), born in the West and educated at Harvard, the Iranian prince has an eagle eye for the rare and beautiful. The result is fascinating but be-wildering. The ups and downs in quality, the frequent shifts from one cultural period or area to another leave the most intrepid visitor wondering just what he is look-

It begins, molto andante, with a few mid-14th-century pages from Persian manuscripts of the 10thcentury Book of Kings, neither wonderful nor very well preserved -- by the time the collector began buying, there was not much left of a sublime order from that period that remained available in

Without transition, the art lover stumbles upon some remarkable 15th-century pages. Two leaves tom off, with another 38, in the 1920s from a magnificent manuscript of the 15th century, the Khavaran-Nameh now in the Tehran Museum of Decorative Arts, are striking. One, with the beautiful maiden Golandam at whom a seated man looks up, would of itself justify a visit to the show. So would a couple of leaves from another great book, a 1494 manuscript of the Book of Kings in two volumes preserved in two Istanbul museums.

LL this, however, is nothing compared with the seven leaves from the greatest manuscript ever illuminated in 16th-century Iran. This too is a sioned by Shah Tahmasp on acceding to the throne in 1524. Intact until it was acquired from Baron de Rothschild hythe late Arthur Houghton Jr., the book was ripped apart in the late 1960s. Some folios were given to the Metropolitan Museum with substantial tax-deduction advantages, others



Page from the Shah-nameh of Shah Tahmasp at the British Museum show.

dispatched to auction or sold through dealers, and the rest of the manuscript eventually traded to the Iranian cultural authorities, anxious to save the book from further destruction, by the Houghton Estate in exchange for a Willem de Kooning in the Tehran Museum of Contemporary Art. In their 1981 book on the

manuscript, "The Houghton Shahnameh," Stuart Cary Welch and Martin B. Dickson, later echoed hy other art historians, assured us that it had been sent as a present hy Shah Tah-masp to Suliman the Magnificent. This is unlikely. There is no imperial dedication in the manuscript, nor a record of its entering the Islanbul imperial library in the 16th century. When this heirloom left the imperial library of Iran has yet to be determined.

One can imagine the mix of jubilation and distress experienced by Sadruddin Aga Khan on acquiring some pages at auction and in the trade, including the ultimate masterpiece of Iranian painting in the 16th century,

which shows Gayomars, the mythical and Munich school genre scenes of first ruler of Iran, holding court in the mountain surrounded by retainers. The danger of tedium is elimmountain surrounded hy retainers. There are other gems, if none quite of that caliber. The portrait of a young man in courtly attire seated on his heels in a hilly landscape has a calligraphic perfection matched by few of its kind. Regretably, the art plummets when it comes to the 19th century.

One can easily skip its naive images to go over to some of the masterpieces that stake out the beginnings of the Mogul school in Hindustan, as Islamic India was known, when Tabriz master artists were called in by the Persian-speaking Mogul emperors. intractable difficulty of transmitting The portrait of Shah Abu'l-Ma'ali by the artistic message when trespassing viaster Dust is one of them. Within two decades, a new art

emerged, of which some of the greatest pieces are here too. Elephants romping about hy the riverside, painted on a leaf removed from a "Babur-Nameh" 'The Memoirs of Babur," the founder of the dynasty), have a subtlety and yet a broadness as well as an

evocative quality that belong to Hindustan. Developments of extraordinary diversity took place. European influence crept in, intro-ducing individualized faces and a perspective of sorts, only to vanish. soon after. Some works cut out from their volumes, can be bard to place. Such is the fabulous royal rider with a bow slung over his shoulder painted around 1600-1610.

If the show stopped here, or even the great Mogul tradition around 1690 in faraway Hyderabad --- represented in the Sadruddin collection by one of its most important spe-eimens — it would be a fascinating cultural trip. By extending it to in-elude all kinds of 18th- and 19thcentury offshoots, some interesting in themselves, others out of place in a great art exhibition, the organizer invites the visitor to enter a lahyrinth with too many side avenues.

PRINCESS smoking a hookah, from the Guler school in the Punjab. ⊾Hills, represents a late avatar in which a native Indian tradition, remnants of European influence (in the toned sky, in the clusters of marguerites) and traces of Iranian linear design all blend. A hunting scene with a stylized forest dated 1781, later hy only a few years, and yet far removed in spirit could belong to another cul-ture. It virtually does. The state of Kotah, in what is now Rajasthan, was a very different sort of place from the Punjah Hills. This is not one art show, but half

a dozen in one, with not much to weld them. To have within yards of each other the Delhi scenes of the 820s and the leaves from the Shah Tahmasp Book of Kings is like bringing under one roof Leonardo inated, but so, alas, is any clear sense of purpose.

Nowhere is the nonspecialist clearly told that almost all the images from Iran and Mogul Hindustan are the remains of destroyed volumes meant to be looked at not separately but in sequence; that the link with the calligraphed texts was intimate, even on a technical level; and that reading the text, with its pace and rhythm, its stylized celebration of beauty and nature, formed an integral part of the aesthetics of the book. Such is the cuiturai doundaries The exhibition resumes at the Ar-

thur M. Sackler Museum in Cambridge, Massachusens, from May 20 to Aug. 30; at the Rietberg Museum, Zurich, from late September to early January, and at the Musee d'Art et d'Histaire, Geneva, from September 1999 to January 2000.

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### **BOOKS**

TRICKSTER MAKES THIS WORLD: Mischief, Myth, and Art

By Lewis Hyde, 417 pages. \$26. Farrar Straus Giroux. Reviewed by

Michael Dirda EWIS HYDE'S celebrated first book, "The Gift" (1979), examined the creative imagination, focusing on its relationship in the marketplace. In particular, Hyde stressed that true art — the kind that "revives our soul" possesses the character of a gift: When we are moved by art we are grateful that the artist lived, grateful that he labored in the service of his gifts," Work done strictly for hire, whether commercial illustration or commercial fiction, lacks this spiritual power; it doesn't draw on a creator's deepest imagination. Blithely mixing anthropology, literary criticism and myth research, "The Gift" crackled with speculative, heartfelt ideas, and was soon recognized as one of those

maverick texts that make us see the world with fresh eyes. Now, almost 20 years later. Hyde returns with a study of why art and culture require such boundary-breakers and mischief-makers. "Trickster Makes This World" follows the same freewheeling format as "The Gift" but takes up the mythic figure of the Trickster-Coyote, Hermes, Loki, Eshu, Krishna, and all the othtying, thieving, con-artist gods. Along with shrewd in-Expretations of various myths particular that in "The Homeric Hymn to Hermes"). Hyde considers a small bandof modern artists and thinkers who embody one or more aspects of the Trickster. Marcel Duchamp, John Cage Maxine Hong Kingston, Allen Ginsberg and, stepping back in time, Frederick Doug-

lass. The result is a book that

Persuasively celebrates the

need for the kind of paintings,

fransic, books and ideas that

Society initially finds un-

pleasant, if not downright repulsive, subversive or immor

According to Hyde, the Trickster is the god of the doorway, the threshold, the hinge. He moves between the realm of man and god, between wilderness and civilization, between life and death. In a black-and-white world Coyote or Raven shifts in the shadows, mottled, pied, hard to detect. The trickster reinvigorates culture by prevent-ing it from becoming overstructured, muscle-bound and sanctimonious. "When trickster breaks the rules we see the rules more clearly, but we also get a glimpse of everything the rules exclude."

Hyde discusses the func-

tion of dirt in society (building on Mary Douglas's clas-Purity and Danger"), carefully analyzes why Trick-ster is a "bungry god," dif-ferentiates the artistic purpose of Andres Serrano's notorious "Piss Christ" from Robert Mapplethorpe's sadomasochistic photographs, explains (and modifies) the usual view of carnival as inherently conservative, and suggests why there are so few female tricksters in world mythology. Like its subject, the book is supple, flexible, limber — and occasionally repetitive, a little elusive or New-Agey at times, possibly over-subtle in some of its myth interpretations and etymologies. No matter. "Trick-ster," says Lewis Hude ter, says Lewis Hyde, speaks freshly where language has been blocked, gone dead, or lost its charm," and so does he in this hymn to the gods of mischief, who are also the gods of artistic and

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cultural renewal.

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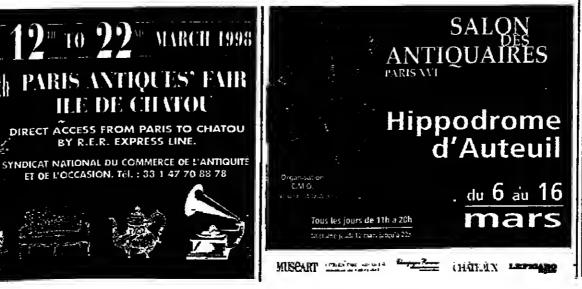
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Friendships

### For South Korea, Michael Jackson Is a Thriller

### Pop Star Agrees to Spend \$100 Million on Theme Park in President's Stronghold

By Don Kirk International Hetald Tribuni

SEOUL - Kim Dae Jung, South Korea's newly inaugurated president. appears to have attracted his first big foreign investment: Michael Jackson has agreed to spend at least \$100 million on an amusement park, development company executives said Friday.

The pop singer has agreed to build a theme park for children called Neverland Asia in the southwestern Cholla region from which Mr. Kim draws his mnst ferveni support, Ssangbangwool Development Co. said.

The company said Jackson's aides had indicated he would invest \$100 million to \$150 million in a ski resurt in North Cholla Province, governed by one of Mr. Kim's top economic advisers, You Jong Keun. The figure would include a lease on the land as well as construction of the theme park, the company said.

Executives at Ssangbangwool, primarily an underwear manufacturer, were optimistic about the deal even though Mr. Jackson left the country Thursday after attending Mr. Kim's inauguration Wednesday and visiting another passible site for a theme park at the port city of Inchon.

Although Mr. Jackson did not sign a contract, Ssangbangwool said he had approved the release of a previously cnnfidential memorandum of understanding that he signed during a visit last Navember. The memorandum calls for him to

"create and design a theme park."

The company, reportedly in severe financial difficulty, said Mr. Jackson had agreed nn the project and would settle on terms by the end of April. The theme park would comulate the Nev-erland Park that Jackson is establishing in his Neverland Valley Ranch in Los Olivos, California.

"Until very recently Knreans believed foreign investment was against our national interests," Mr. You said. "Koreans believed if they somehow stymied foreign investment, they were doing a patrintic deed.

Mr. You promnted the deal by suggesting Mr. Jackson visit the area in November and then introducing lim to Mr. Kim, who had a long conversation with him at the height of his presidential

campaign. Mr. Jackson is the most visible of a

number of foreign investors checking out the possibilities of investing m segments of Knrean husiness and industry that may be up for sale as companies downsize or face bankruptcy.

The financier George Soros, who also attended the inauguration, told Korea's leading business newspaper, Maeil Economic Daily, that the combination of relatively low stock prices and devaluation of the Korean won would lure otherwise reluctant foreign investors.

Analysts said Mr. Snros's remarks helped the composite stock index rise 23.44 points, or 4.5 percent, to 548.42. "A lot of the right words are being

said," said David Young, head of the Bosion Consulting Co.'s office in Seoul. The pressure is the passion of company nwners to get through the crisis."

An increasing number of chairmen and owners of South Korea's chuehol. or conglonierates, have taken on the posts of chief executive officer. Kini Woo Choong, chairman of the

Daewoo grnup, the fourth largest chaebol, is set on Saturday to assume the

titles of chief director of the group's three most important companies, Daewoo Motor Co., Korea's second largest motor vehicle manufacturer. Daewoo Heavy Industries Ltd., Korea's second largest shipbuilder, and the Daewoo Corp., which doubles as the group's trading arm and construction company.

The taking of company titles by the chaebol leaders is seen as evidence of their desire in restructure in keeping with the demands of the International Monetary Fand in arranging a \$60 billion rescue plan for the Korean economy in December, Most of the chaebol, including Daewoo, have pledged hands-on control by their owners in deals signed with their creditor banks.

Statistics released by the National Statistics Office Friday added to the sense of urgency for reform — and foreign investment, Imports of machinery fell by 47.3 percent in January from a year ago, while total industrial output dropped (0.3 percent.

Officials at the Bank of Korea predieted a 2 percent drop in the gross national product for the first quarter of this year and thought the economy would



Michael Jackson at the inauguration of President Kim Dae Jung.

probably contract over the entire year. More than 3,000 small and medium-sized enimpanies have gone bankrupt this year, and industries in general are operating at only 65 percent of total capacity, according to the National Statistics Office.

One result, said the statistics office, is that the anemployment rate has risen to 4.1 percent from 2.3 percent.

### Apple Plans To Scrap Its Newton Line

NEW YORK - Apple Computer Inc., in its latest move to stem Insses, said Friday it was scrapping further development of its innovative but moneylosing Newtoo handheld computer.

Apple said it would instead use its Macininsh operating software for all its mobile computer products, starting next year. First, it would sell out its existing stock of Newton MessagePad 2100 and eMate 300 computers.

The move ends speculation that Apple would try in sell the Newton division. Last year, Apple said it would spin off Newton into an autonomous subsidiary, then reversed that decision.

After a high-profile but flawed introduction of its Newton line four years ago, Apple greatly improved the com-puter's ability to recognize handwriting and communicate as well as its power

But despite praise for the Newton MessagePad, a handheld device, and eMate 300, a larger computer, the division is still Insing money.

Apple, under the direction of its cofounder and interim chief executive, Steve Jobs, has been trying to stem declining market share and make its products more competinive with machines using Microsoft Corp. software and Intel Corp. chips.

Scrapping Newton is the latest effort to

revive its sagging fortunes. Also to save money, Apple this year pulled its flagship Macintosh computers from all major national retailers except CompUSA and cut 300 jobs in its software unit.

Apple is still searching for a new chief executive; Mr. Jobs bas said he is not interested in the job. Still, analysts have been impressed with his performance: cutting costs, streamlining product lines and bringing in a new board of directors. The company re-ported an unexpected profit in its first quarter ended in December.

In late trading, Apple shares were at \$23.50, unchanged.

The Friday move comes just a few weeks after Apple reorganized its Claris software unit, bringing all but one ap-plication back into Apple and renaming the unit as a stand-alone subsidiary with the Filemaker product line.

Apple faces increasing competition in the palmtop market from machines that use Microsoft's Windows CE software and computers like 3Com Corp.'s Palm Pilot, which use their own sys-

### **Hostile Bid for Drug Firm?**

#### Glaxo May Not Have Given Up on SmithKline

LONDON - SmithKline Beecham PLC shares rose as much as 6.3 percent Friday on press reports that Glaxo Wellcome PLC may make a £50 billion (\$82 billion) hostile bid for the drug company after merger talks failed this

Both Glaxo and SmithKline, whose stock rose as much as 47 pence before closing up 10 pence at 760 pence, declined to comment on the reports that the world's biggest drug company is talking to major sharebolders about buying Smithkline.

Glaxn made a hostile bid for Wellcome PLC in 1995, and the possibility of a new takeover comes as drugmakers worldwide merge to cut costs as governments and insurers de-

mand lower drug prices. Glaxo investors were less bullisb on the prospect of a takeover, because it would involve a higher price and more risks, and Glaxo's sbares fell 58 pence to close at 1,700 pence. Analysts had speculated earlier this

week that the failure of the merger over DAX rose 0.38 point to 4,709.83. disputes about who would run the com-

pany would leave SmithKline - which also dropped a recent merger effort with American Home Products Corp. -

open to an outright takenver. John Hatherly, head of research at M&G Group, which holds about I percent of Glaxo's outstanding shares, said he thought an announcement would be made soon if the reports were correct.

"It's difficult to see whether it's just noise or newspaper speculation," said Mr. Hatherly, who said he had not been involved directly in any discussions with Glaxo about a possible bid.

But if the price of SmithKline shares

"carries on going upwards, I suppose the stock exchange might ask them to give a clear statement of their intentions," he said.

The reports helped the London Stock Exchange's blue-chip FTSE 100 power through the 5,800-point level for the first time during the day. The index lost ground, however, and closed up 0.04 point at 5,767.30.

France's CAC 40, meanwhile, rose 0.73 point to 3,421.92 and Germany's



GOLD AGREEMENT - South African miners singing protest songs at a two-day meeting in Johannesburg between the miners' union and mine owners. In a pact reached Friday, the owners, whose profits have declined, agreed to consult with a committee before proceeding with layoffs in the industry. Page 11.

Luceni's stock.

'Frankly, I think

Lucent is getting a bit ahead, of it-

The stock is

certainly getting

ahead of its tradi-

tional valuation of

20 to 30 or so

times projected

erage profit esti-

self," he said.

### **WALL STREET WATCH**

### A Tale of 2 Stocks: Lucent Keeps Flying High as Smaller Rival Ciena Suffers

By Seth Schiesel New York Times Service

EW YORK - In the telecommunications-equipment industry, as in many others, biggest is often best. But telecommunications investors looking for quick profit may not want to apply that maxim just now.

There has been a telling divergence in the recent financial fortunes of Lucent Technologies Inc., the biggest North American maker of gear for commu-nications networks, and those of Ciena Corp., one of Lucent's smaller rivals.

Thanks to its torrid stock, Lucent has packed on about \$20 billion in value since the middle of January, bringing its market capitalization to about \$70 billion. Over a similar period, Ciena's market value shrank by about \$2.3 billion, to about \$3.7 billion.

But somewhere along Lucent's 40 percent rocket ride and Ciena's 38 percent fall, investors have appeared to get a bit overexcited about both companies' near-term stock prospects. Lu-cent's stock has already passed or come close to the targets set by many financial analysts for the eod of this year. Some of those analysts bave raised their target, but others question whether the stock can support valuations far

higher than it has borne in the past. Ciena's shares are not quite in the

But they have been discounted to the point where their price does not appear in reflect the company's growth prospects. Ciena is a leader in one of the few precincts of the telecommunications equipment world where Lucent is not a dominant player.

The company makes advanced gear that allows phone companies to transmit much more information over their fiber optic networks. Called wave division multiplexers, expensive boxes like those made by Ciena generally allow carriers to increase the capacity of their systems by as much as 16 times.

Lucent does not offer much in that field but said last month that by the end of the year it would introduce a multiplexer that increases capacity go times. That could trump Ciena, which plans a 40-times product soon but has not announced plans for an 80-times multiplexer.

In another blow, Ciena disclosed last week that a major customer, WorldCom Inc., intended to scale back its orders. The Lucent and WorldCom announcements quickly depressed

track record of de-livering on its promises, but the landscape of high technology is littered with unreal-

ized intentions. Steven Levy of Salomon Smith Barney Inc. maintains that Ciena will sign other clients to more than make up for the loss of WorldCom orders. Many analysts expect Ciena's revenue to exceed \$500 mil-

lion this year, against \$373.8 million last year. Ciena's stock, which went public al \$23 a share a year ago, closed at

\$41.9375 Friday, or about 30 times estimated earnings, far below its high last month of \$63.625.

Mr. Levy's confidence in Ciena's earnings power is not unusual. Wall Ciena's stock price.

Still, Lucent's announcement is merely a plan. The company has a fine

Street research analysis are almost preternaturally optimistic. What is unusual, though, is Mr. Levy's willing-

No Competition Percentage change in stock prices so far this year. Ciena 🐎 -30 -40 February January

Feb. 27

mate among analysts polled by First Call is \$3.10 a share for the year ending Septem-ber. (Mr. Levy is one of the optimestimating S3.20 a share). Lucent, which was

priced at \$27 a share at its initial public offering in April 1996, closed at \$108.50 on Friday, a multiple of 35 based on projected earnings. Such beights can be difficult to

mainiain. Lucent's long-term pros-

ness to speak at all critically about the levitation of getting leaner. But it would be bard to expect the curreof run-up to cootinue at its current breathtaking pace, if at all. In July, Lucent traded as bigh as 38

> would earn for the year. It tailed off very quickly thereafter. Last month, Luceni exceeded the average quarterly earnings estimate by 13.2 percent, proving unfounded the concerns that telephone carriers were

> times what the company eventually

slowing capital spending. The full-year estimates rose. But the shares rose even faster, and not so often in great spurts as in steady strides. Perhaps as important for the company's share price was its announce-

ment last week that it intended to split its stock 2-for-1 in April. Because of its legacy as part of AT&T Corp., Lucent is the second most widely held U.S. stock. Sixty percent of its shares are owned by individual investors, who generally put more faith in the power of stock splits than do institutional holders. Lucent is trading at a huge premium

to such other big makers of telecommunications equipment as Nokia Group of Finland, whose price-to-earnings ratio is 27, and Northern Telecom Ltd. of Canada, at 28. The only one that comes close is LM Ericsson AB of Sweden, at 33, and Ericsson is much pects remain rosy; the company is one of the giants of its industry, and it is more beavily involved with wireless

communications than is Lucent. (Ericssoo is also much more heavily invested in Asia than Lucent.)

Donald Peterson, chief financial officer at Lucent, said the company deserved its high valuarinn because it consistently beats earnings estimates. Mr. Peterson suggested that investors think of Lucent as they would a drug company: steady and reliable.

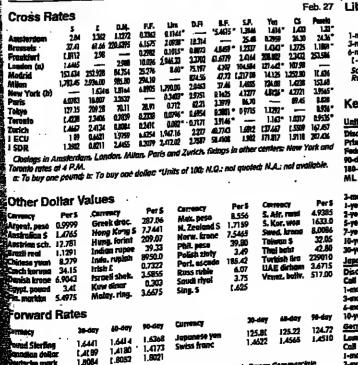
We have with the drug industry a very high-quality demand pattern," he said. "The drug companies know we are all going to get old and need belp. I believe it's reliable that the world will need more phones."

Venture a comparison, then, of Lucent and Merck & Co., the drugmaker. The companies are roughly the same size, have been growing at a similar rate and each is a leader in its industry. Lucent had sales last year of \$26.4 billion, 33 percent higher than in 1994. Merck had sales last year of \$23.7 billion, 39 percent more than in 1994. Lucent's stock has had a strong run, as has Merck's, which has gained about 40 perceot since November.

Merck's shares were at \$127.5625 Friday, a forward-earnings multiple of 29. Were Lucent's shares trading at the same valuation, they would be at \$89, or 19 percent off the current price.

### **CURRENCY & INTEREST RATES**

Feb. 27 Libid-Libor Rates



**Key Money Rates** Bank base rute Call mency 1-menth interbank 3-menth interbank 6-menth interbank 71444 5,31 5,39 5,53 5,58 5,66 5,62 5,92 0.50 0.47 1.10 1.05 0.95 1.90 Gold 6-month interbasi 10-year Govi bond Zurich 295.75 299.25 + 5.20 Landen 295.55 297.40 + 4.40 New York 295.60 300.10 + 4.70 U.S. deliens per ounce. Landon critical fluings: Zurich and New York coming and closing prices: New York Comex (April.) 295.75 298.25 + 5.20 296.55 297.40 + 4.40 295.60 300.10 + 4.70 4.50 4.45 3.49 3.52 3.61 4.92 Lombard rate

Swiss Franc % - % % - ( J - J/s

### Asia Woes Bring Derivatives Headaches

By Timothy L. O'Brien

NEW YORK - Derivatives, the financial instruments favored by corporations trying to limit business risks and speculators trying to make a fast buck, are causing headaches in Asia and forcing regulators in the United States to inquire discreetly about any bombshells on the books of U.S. banks.

The value of derivatives is pegged to that of underlying assets, such as stocks, bonds and currencies. But when two parties agree to take opposite sides in a derivatives deal, the prospect that the loser will pay the winner is only as good as the paper on which their contract is written and the integrity of the participants.

Derivatives are loosely regulated, do not trade on public exchanges and, in disputes, ultimately have to be enforced

Now, J. P. Morgan & Co., one of the nation's most prestigious banks, is embroiled in a dispute over derivatives deals with South Korean companies that have exposed it to hundreds of millions of dollars in potential losses.

And because Morgan is not the only U.S. bank involved in such risky trading in Asia, the Federal Reserve Board and other regulators are scrutinizing banks' exposure to losses there, say banks that have been contacted recently. The Fed has declined to comment on

The Morgan dispute is the subject of a lawsuit that is beginning to wend its way through U.S. District Court in New York. In the latest twist, the Housing & Commercial Bank, one of South Korea's largest and a defendant in the

suit, is crying foul.

Housing & Commercial guaranteed
SK Securities Co., a Korean investment firm and the other defendant in the suit, against losses in two derivatives contracts between SK and Morgan. In interviews, lawyers for Housing & Commercial said the contracts originally specified that the losses would not exceed \$100 million.

But the Housing & Commercial law-yers contend that language in the con-tracts was altered without the bank's knowledge in such a way that SK's potential losses, and Morgan's gains, were not limited to \$100 million.

But a lawyer for Morgan says that Housing & Commercial's general counsel, David Yu, said that an officer of his bank authorized the removal of the \$100 million limit before the contract closing. Mr. Yu could not be reached for com-

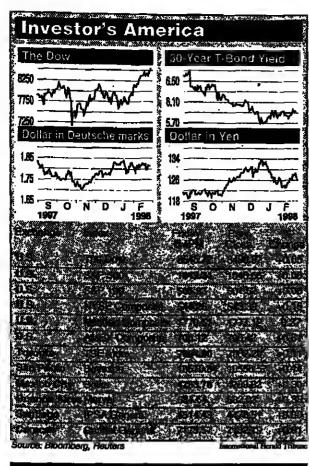
An SK spokesman declined to comment other than to say that "there are misrepresentations and irregularities in the transaction, and Morgan should be held accountable for them."

But more is at stake in the dispute than the terms of the contracts and the \$300 million that Morgan is seeking from the Korean institutions. Many participants in the derivatives market worry that the dispute will result in more rigorous regulatory oversight of the innovative - and freewheeling - derivatives market.

"It has always been the derivatives industry's fear that regulators will make the rules, rather than the participants." said Leslie Rahl, a principal with Capital Markets Risk Advisers, a New York consulting firm specializing in deriv-

See DISPUTE, Page 13

#### THE AMERICAS



#### Very briefly:

• Gteck Holdings Corp. is to cut 800 jobs, or about 15 percent of its work force, and take fourth-quarter pretax charges of \$98 million to \$102 million. It also agreed to sell to Citicorp its electronic payments services for about \$11.5 million as it streamlines its lottery business.

 CoreStates Financial Corp.'s shareholders approved the company's acquisition by First Union Corp., a \$16.8 billion deal that would create the sixth-largest U.S. bank, with 2,600 branches in 12 states.

 MGM Grand Inc., citing bad luck, said first-quarter profit would be as much as half of what Wall Street expected because of an unusually low share of dollars wagered at the MGM Grand Las Vegas.

• General Electric Co.'s revenue from product services will grow by more than 30 percent to \$13 billion in 1998, Jack Welch, the chairman and chief executive officer, stated in the company's annual report.

 More Americans filed for bankruptcy in 1997 than ever before — 1.35 million individuals and 54,000 businesses, up about 300,000 from the 1.17 million in 1996, according to the Administrative Office of the U.S. Courts. Bloomberg, AP, Reuters

### Greenspan: Prepare for Next Crisis

MIAMI - Alan Greenspan said Friday that the international community should prepare for the next financial crisis after turmoil in Asia subsides.

We are beginning slowly but surely to begin to understand how this new high-tech international financial system is functioning," the chairman of the Federal Reserve Board said, "and hopefully before we run into crisis number three - and there will be a crisis number three — we'll have sufficient. preventative measures in place to either fend it off, or if it occurs, to assuage its severity." Mr. Greenspan was addressing a conference in Miami.

### Blue-Chips Rally to Record After Solid U.S. Economic Data

mixed Friday, with blue-chips climbing to a record but the broader

market slipping. unchanged, up just 0.67 point at in their business this mouth.

1,049.34. Advancing and declining Steady growth means high issues were nearly even on the New York Stock Exchange.

Investors bought blue-chip issues after economic reports suggested a . good backdrop for stock investors robust growth with little inflation.

The University of Michigan re-The Dow Jones industrial average ported consumer sentiment was closed 55.05 points higher at a re-higher than it has been in a gencord 8,545.72, while the Standard & eration, and manufacturers in the Poor's 500 index finished nearly Chicago area reported no slowdown Steady growth means higher cor-

threatened by a surge in prices. "We're in better shape now than we've been in a generation," with low unemployment, low inflation The U.S. economy grew at a 3.9 and a federal budget that is almost in percent annual rate in the fourth balance, said David Wyss, an econ-

product report showed one of the Economists expect Asian financial lowest rates in 30 years.

#### U.S. STOCKS

principally by ballooning the trade ations, Asian countries can sell at sharply in the first quarter."
lower prices than U.S. competitors. A mixed bag of developments in porate earnings, while low inflation lower prices than U.S. competitors. means the expansion is not

have much less purchasing power with which to buy U.S. goods.

Trade actually helped U.S. growth in the fourth quarter, a relatively rare occurrence, but not nearly as much as first estimated. quarter, the Commerce Department omist at DRI/McGraw-Hill. "We The estimate of export growth was said in a revision of its original had a red-hot economy last year." cut to 10 percent from 11.3 percent.

"The strength of the fourth-quarter deficif. Because of currency devalu- trade and inventories to be down. South America, an area it has tar-

at 1.770.52.

after it said slower Asian sales of its Bay Networks is developing. mobile phone chips would hurt Pulitzer Publishing rose 17% to Devices dropping 11/2 to 231/2.

16 to 23 3/16 after the maker of zona Daily Star in Tucson. computer disk-drive components because of weak demand.

But computer makers gained after analysts raised earnings estimates on rose 1 to 11½ after the business-Hewlett-Packard and Dell Computer. Services company sold 4.1 million Hewlett-Packard closed up 1½ at shares at 10½ in a \$43.05 million 66%, while Dell rose 61/2 to 139%. Internet-related stocks rose after

Computation of the Stronger of 4.3 percent. An inflation

NEW YORK — Stocks closed indicator in the gross domestic come in the fourth-quarter report.

NEW YORK — Stocks closed indicator in the gross domestic come in the fourth-quarter report.

Stocks closed indicator in the gross domestic come in the fourth-quarter report.

Economists expect Asian financial originally estimated 1.3 percent.

The U.S. economy is about to Yahoo! rose 4/6 to 73, Amazon.com

slow," said Brace Steinberg, an rose 4 to 7614 and Barnes & Noble economist at Merrill Lynch & Co. rose 114 to 3514. Novell rose 1/2 to 101/2 after the growth to about 2.5 percent this year, activity was based on two sectors maker of computer network softthat will reverse. We expect both ware said it won a large contract in

geted for growth. Bay Networks rose 9/16 to 33% Asian consumers, by contrast, the technology sector also held back after the networking products combave much less purchasing power a broader rally. The Nasdaq company was rated "buy" in new covwith which to boy U.S. goods.

Trade: actually helped U.S. goods. gan Grenfell. The recommendation VLSI Technology fell 51/4 to 191/2 was based on several new products

> profit. That warning dragged down other chipmakers, with Intel falling was considering selling its broadcast 5/16 to 90. Texas instruments losing 3% to 58% and Advanced Micro time to own and operate its news-Devices dropping 1% to 23½.
>
> Paper properties, which include The Hutchinson Technology fell 1 1/ St. Louis Post-Dispatch and the Aristics 23, 246

SmarTalk TeleServices rose 61/2 posted a second-quarter loss and to 33 9/16 after the maker of prepaid said shipments have remained low phone cards reported strong fourth-

quarter earnings.

Compass International Services

initial public offering. (Bloomberg, Reuters, AP)

### Young & Rubicam Hopes to Make a Splash With an IPO Slated to Raise \$350 Million

By Stuart Elliott New York Times Service

NEW YORK — The long-ex-pected foray of Young & Rubicam Inc. onto Wall Street is at last under

Y&R, the world's fifth-largest agency company, with billings estimated at \$12 billion, said Thursday that it had filed a registration statement with the Securities and Ex-change Commission for an initial public offering of its stock. The of-fering, which had been expected for almost two years, is projected to raise \$350 million.

"It's big," said Alan Gottesman. who follows the agency industry as managing director of West End Communications/Consulting

The shares to be sold will be offered by Y&R, which was founded in New York in 1923; top executives of Y&R who own stock in the comny; and Hellman & Friedman Capital Partners III LP, a unit of Heliman & Friedman, a private investment firm in San Francisco. In 1996, the firm bought what was believed to be

a 20 percent stake in Y&R. The number of shares to be sold in the offering and their price will be

disclosed in a subsequent filing. The offering is the brainchild of top executives at Y&R, led by Peter Georgescu, the charismatic chairman and chief executive who has quietly transformed a somewhat somnolent operation into a power-house capable of handling huge accounts in realms ranging from traditional advertising to newer Gottesman said. "It will not only frontiers like interactive marketing. raise cash to benefit their balance The client list of Y&R reads very sheet; it gives them a new currency much like a who's who of blue-chip with which to make acquisitions.

marketers. It includes Ciricorp, Col-gate-Palmolive Co., Ford Motor Co., Pepsico Inc., Philip Morris Cos., and Sears, Roebuck & Co.

"When you do stock-for-stock acquisitions," he continued, "they can be tax-free or tax-deferred to the seller." That has been a strong arseller." That has been a strong argument in favor of large, publicly traded rivals of Y&R like Interpub-Mr. Georgescu has recognized that in the prevailing wisdom of Wall Street, which has favored the lie Group of Cos. and Omnicom stocks of large, publicly held agency companies, Y&R has been operat-Group Inc., which have used their highly valued stocks to snap up scores of independent agencies. Y&R plans to use the proceeds

ing at a disadvantage. The stock offering is meant to rectify that The offering "is very prudent" from the offering to repay bank debt, for top managers of Y&R, Mr. according to the filing.

**AMD Aims to Put Pressure on Intel** 

By Setting Up Chip Deal With IBM

SUNNYVALE, California - International Business Machines

Corp. said Friday it would make computer chips for Advanced Micro

Devices Inc. in a two-year agreement designed to boost production of

AMD, which has been struggling to make enough of its K6 chips for

While the accord will help AMD alleviate some of its manufacturing

personal computers, said production at IBM would start during the third

limitations, it will not solve a bigger issue; that Intel is gearing up its

own production. Intel will enter the market for chips used in popular

In the fourth quarter, AMD made 1.5 million K6 chips - fewer than

analysts were expecting — reviving long-standing questions about its manufacturing capabilities. Moreover, AMD, based in Sunnyvale, Cali-

forms, has steadily reduced projections for how many K6 chips it could make this year, analysts said. Initially, projections were for 13 million to

Feb. 27, 1998

High Low Latest Clope Opins

15 million chips. Now, that is down to 10 million to 13 million.

quarter. The first chips will be available about three months later.

\$1,000 PCs before AMD ships its first product from IBM's plant.

AMD processors that compete with Intel Corp.'s.

### **Japanese Tax-Cut Rumor Undercuts Dollar Strength**

weakened against the yen Friday amid new talk of Japanese tax cuts

Shimbun, the leading Japanese busi- Treaty.
ness daily, said the government A tra and public-sector spending. Last

#### FOREIGN EXCHANGE

week, the market was disappointed by a long-awaited stimulus package that offered no such elements. Mr. Hashimoto denied the report,

but the yen nevertheless gained against the dollar, which fell to close at 126.08 yea, down from 127.27 yen Thursday.

you deny it three times, and then you

Currencies showed no significant NEW YORK - The dollar reaction to the announcement of convergence data for European Monetary Union, which showed France, Germany, Italy and Finland amid new talk of Japanese and public-sector spending, despite France, Germany, trary and random adenial from Prime Minister Ryuall achieving the deficit ratio to gross domestic product of 3 percent or less required by the Maastricht

. A trader at a German bank said would discuss permanent tax cuts the collective market yawn reflected market suspicion of the data. "Everyone is using fudging tactics," including Germany, the trader

The dollar edged up to 1.8164 Deutsche marks from 1.8145 DM Thursday and to 6.0905 French francs from 6.0795 francs. It eased to 1.4655 Swiss francs from 1.4687 francs. The pound fell to \$1.6340 from \$1.6455.

Traders said the dollar showed no Traders were skeptical of the reaction to U.S. economic data in denial. "The Japanese standard is, the session, which included a slight apward revision to fourth-quarter do it," said Richard Koss, a market GDP, np 3.9 percent against an ini-strategist at Maria F. Ramirez. GDP, np 3.9 percent against an ini-

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### **AMEX**

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#### U. S. STOCK MARKET DIARY

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### INTERNATIONAL FUTURES

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### French Jobless Rate **Takes Another Dip**

PARIS — The French unemployment rate dropped in January for the third month in a row, but the number of jobless increased slightly, the Labor Ministry said Friday

unemployment rate percent in December, but the seasonally adjusted number of people unemployed in France rose in

January by 5,900 to 3,033,700 The rise in the number of job seekers breaks a string of four consecutive monthly drops. In December, the number of job

scekers fell by a record 86,800. ruary 1996, when it also stood at

The dip in the unemployment rate was sure to be good news for the Socialist-led government, elected in June on pledges to cre-ate work. But the rise in job seekers shows that France's problem of long-term unemployment

Strauss-Kahn said the government would give priority to cut-ting unemployment rather than to very gradual, analysts said. It took ting unemployment rather than to cutting social charges.

our major priority. Our priorities cord 12.6 percent. (Bridge News, are one, employment, two: emare one: employment, two: em-

ployment, three: employment," he said. "For 1999, the whole of the budget is likely to be oriented toward employment."

Those seeking jobs in France for longer than a year rose 1.9 percent in January and accounted for 37.4 percent of the total. The slipped to 12.1 percent from 12.2 figure is 3 percentage points higher than a year ago.

A separate measure, based on International Labor Organization standards, showed the number of jobless fell by 35,000 in January.

"The job engine is warming up," said Stephane Deo, an econ-omist at Goldman, Sachs & Co. in Paris. "As soon as we enter the The 12.1 percent unemploy- virtuous circle of employment ment rate is the lowest since Feb- and spending, we'll be out of the virtuous circle of employment

Mr. Deo said most employment gains would take place in high-tech sectors and services this year Already, Cegetel, a telephone company controlled by General des Eaux SA, hired 2,000 workers in 1997 and plans to take on another 2,500 this year. The Soft-ware company Cap Gemini SA Finance Minister Dominique also plans to hire more than 1,000

five months for the unemploy-"Cutting social charges in not ment rate to slide from July's re-

### **EUROPE**

### Pact on South African Gold Mines

Owners Agree With Unions to Form Committee to Oversee Layoffs

JOHANNESBURG - South African mining companies and the Nareached an agreement Friday on a partial restructuring of the goldmining industry.

The 10-point declaration emerged from a two-day crisis summit meeting of government, industry and

labor leaders called by the union.
The parties agreed to the establishment of a government-controlled crisis committee to oversee job cuts in the industry, hit by over 65,000 layoffs since January of last year.

Employers have agreed to a six-week moratorium on further layoffs, which will allow the government to create a crisis unit with three representatives each from unions, employers and government.

way short of the union's initial demand for a one-year moratorium. Industry analysts had warned the government that a further 110,000 layoffs were likely this year.

'It would be foolish to believe solved during the summit, but hopefully it will lay the foundation of a Bobby Godsell, president of the nuell Maduna. "There was not un- ican Corp.'s gold operations, said at serving work for others."

was a consensus on key issues."

lay off more than 10 percent of their work force "in any one year"

Half of South Africa's 20 gold mines operated at a loss during the last quarter of 1997.

The declaration also said employers had agreed to accept the repatriation costs of retrenched workers, many of whom are from neighboring Mozembique, Lesotho, Botswana and Namibia.

Lynne Duke of The Washington Post reported earlier:

South Africa holds about 40 percent of the world's gold reserves and remains its largest producer. But that leading position — and the foreign The freeze on job cuts falls a long exchange it earns - has been eroding slowly since 1970, when the mines produced 1,000 tons and accounted for 70 percent of world production. That production level has fallen by half, and gold production now is at its lowest level since 1956, accounting that all the problems have been re- for less than 25 percent of South

lasting cooperation," said Energy South African Chamber of Mines "Generally, companies retrench and Mineral Affairs Minister Pen- and chief executive of Anglo Amer- some workers in the hope of pre-

animity oo every topic, but there the meeting with the National Union of Mineworkers that many of South The joint declaration said that min- Africa's mines had been operating Union of Mineworkers ing companies would have to consult for 50 years and that the high-grade with the committee on any move to ore reserves to which they had rights were virtually tapped out.

Overall, there is as much gold still in the ground here as has already been mined. But the large investments needed to get to the remaining deep-level ore generally are not possible at current profit levels, industry experts say.

The fall of the price of gold below \$300 an ounce — from \$400 an ounce a year ago and a high of \$875 in 1980 — has squeezed profit margins at a time when South Africa has moved from being the world's lowest-cost major gold producer to its highest Labor is among those high costs, for the mining work force is about 400,000 strong and politically powerful at the bargaining table be-cause of its role in the 1980s in the vanguard of the struggle against the

apartheid system.
For many mines, restructuring for the sake of job preservation is "not economic at all," Mr. Godsell said. During a speech, he told the crowd of the industry's stark reality-"Generally, companies retrench

Elf Aquitaine SA, influential in the

African country's cal fields, had donated \$5 million for projects in

Brazzaville. Elf's Paris headquarters

Big Lebanese-owned firms in-

volved in frozeo food, construction,

real estate and air transport either

never left or are returning to the

country, but companies from few

Republic of Congo's former pres-

ident, Pascal Lissonba, had sought

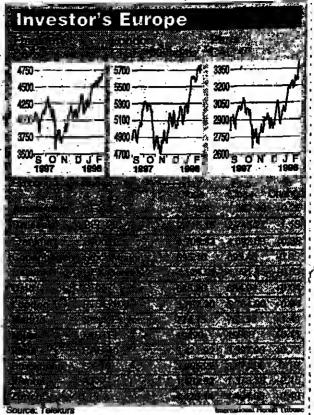
to bring in South African partners,

Before he was overthrown, the

could not confirm the report.

other countries are present.

but there are now oo takers.



#### Very briefly:

 Romania most cut spending and raise taxes to reduce its budget deficit before the International Monetary Fund will release the next installment of Budapest's standby loan, according to the lender's chief negotiator for the country.

Russia's central bank is lowering its key refinancing rate by 3 percentage points, to 36 percent, as of Monday, according to the Interfax press agency.

• El Al Israel Airlines should not be allowed to fly on the Jewish Sabbath or holidays after it is privatized, Transport Minister Shaul Yahalom said. He valued the carrier, whose sale he will formally propose to the government next month, at \$200 million but said it could sell for up to \$350 million.

 Alitalia SpA reported preliminary group consolidated net profit of 444 billion lire (\$247.7 million) for 1997 as its gross operating margin grew 50 percent. In 1996, the airline had a loss of 1.20 million tire.

• Istituto Bancario San Paolo di Torino SpA, which is in merger talks with Istituto Mobiliare Italiano SpA, had a loss of 94 billioo lire for the second half of 1997 as trading income declined and it wrote off bad loans. Pull-year profit fell 73 percent, to 165 billion lire, against the previous year.

• Bayer AG will pay employees 35 percent of a month's salary as their 1997 bonus, 10 percentage points more than is stipulated in their contracts.

 Grundig AG said it retained access to Philips Electronics NV's patents through 2014 under the agreement that allows the Dutch company to give up management control contract of the German electronics maker. Credit Lyonnais shares soared 47 francs to 445 (\$73) amid

speculation that buyers will flock to the French bank when the. government puts its majority stake up for sale. • Walt Disney Co.'s Disney Channel must be available to

British cable viewers outside of package deals, the Independent Television Commission ruled. Reutery, Bloomberg, AFP

### French Firms Return to Postwar Brazzaville

### **Hoechst Pretax Profit Slumps in 1997 But Beats Expectations as Stock Soars**

FRANKFURT - Hoechst AG nesses. said Friday its 1997 pretax profit fell to 3.16 billion Deutsche marks, and Bayer AG, Hoechst is reorgan-

chemical and drug company. The market had been braced for disappointing figures after a German magazine said it obtained Hoechst facing tough times, documents that put pre-tax profit at "Currently, we have virtually no documents that put pre-tax profit at 3.07 billion DM. The stronger figures sent the company's shares up 4

percent, to close at 70.3 DM. Sales rose to 52.10 billion DM to 1997 from 50.93 billion in 1996. Favorable exchange rate movements helped sales rise despite the and 2000." (Reuters, Bloomberg)

WORLD STOCK MARKETS

divestment of several Hoechst busi-

Like its German rivals BASF AG public of the Congo. (\$1.74 billion) from 5.15 billion DM izing to focus on its most profitable in 1996, but the results were still well businesses. Hoechst is selling its above analysts' expectations for the chemical units so it can focus on

pharmaceuticals and farm products. unit, Hoechst Marion Roussel, was

patent-protected blockbusters, said Chief Executive Juergen Dormann to the daily Die Welt. We have to make do with our old product pipeline. New product launches aren't expected until 1999

opportunities amid the rubble left by he civil war last year, many French in the oeighboring Democratic Re-

Congo, a former French colony, re-reconstruction contracts. lied on France for everything from roads to pharmaceuticals to customs Hoechst said its flagship drugs month civil war, which left thou-neering company Alcatel Alsthom General Denis Sasson-Nguesso for comment.

down to the florists, are all com- construction. mitted to coming back," a French

diplomat said.

and wants foreign companies back in Brazzaville funding program, he added, but no money has been seen yet.

The Republic of Congo's state raget an audience with Sassou," a dip-dio reported this week that France's KINSHASA, Congo - Seeking

companies are returning to Brazza- lomat said. "People are in and out of ville, capital of the Republic of there the whole time, to such an Congo, according to diplomats here extent that it must be difficult for him to pay attention to all of them."
Many French companies have sent

Until last year, the Republic of delegations to Brazzaville to seek

Diplomats said they included Suez Lyonnaise des Eaux SA and clearance. Then came the four- the telecommunications and engisands of people dead and brought SA. Neither company was available

back to power in October.

"The French businesses, even there is any cash available for re-Some business people doubt that "I can't see where the money is

oing to come from in the imme-General Sasson-Nguesso, once a diate future," said a businessman Marxist military leader, now es- involved in building roads. The

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"The country is dead for us," said Jan van der Venter, the outgoing South African ambassador to Kin-Marxist military leader, now es-involved in building roads. The shasa and Brazzaville. "The security pouses liberal economic policies European Union has an ambitious conditions are not yet acceptable."

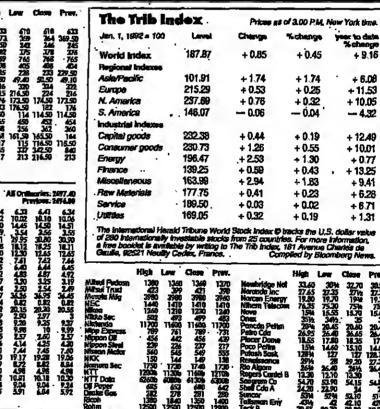
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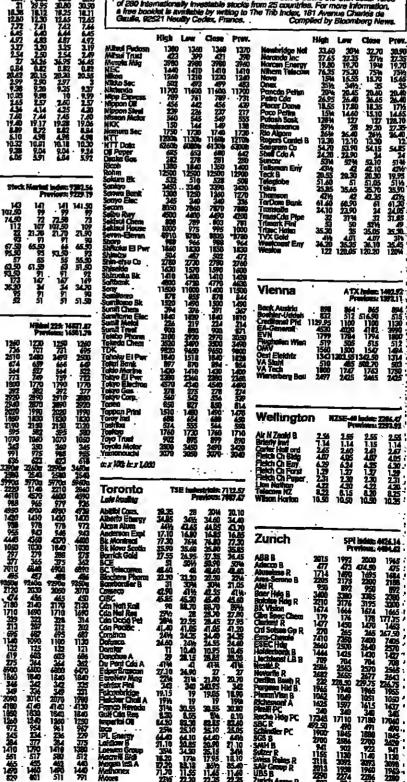
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### China Set To Slash pletely the sets to years for fun trate at ye 4 Million Spicy sense at essential Lets on the LHT, Box 14. 92521 Neath-Tide Test **State Jobs**

BEIJING - China plans to shed 4 million government jobs over three years as part of its boldest effort yet to streamline a bloated bureaucracy, state media reported Friday.

Chinese sources said the number of ministries and cabinet-level commissions would be immediately cut by around one third, leaving 29 out of the current 41.

A number of super-ministries would be formed, including a tentatively named Information Industry Ministry grouping telecommunications, electronics and the broadcası media.

The measures would be reviewed by the National People's Congress, or Parliament, as the economic czar, Deputy Prime Minister Zhu Rongji, steps up his campaign to eliminate obstacles to industrial and financial sector reform.

Mr. Zhu is tipped to replace Li Peng as prime minister at an annual meeting of the congress that opens Thursday.

The China Economic Times said that about half of the 8 million official positions at Communist Party and state bodies would be phased out.

It quoted Wang Dongin, deputy minister of the State Commission for Economic Restructuring, as saying the jobs would be cut from a state payroll of 33 million people that also includes leachers, researchers and medical workers.

Central government alone - including the State Council, or cabinet — employs 48,000 people, far above its anthorized limit of 31,000, Mr. Wang said.

Mr. Wang's commission was likely to be one of the casualties of the civil service downsizing, according to sources who cited a draft of the plan.

About 100 minister-level jobs would go as part of the restructuring, the sources said.

Broadly, the streamlining will spin off commercial enterprises under various government ministries. Regulatory functions of the ministries will be consolidated.

### Japan Gropes for Strategy as Bad Data Mount

By Sandra Sugawara

TOKYO - First came the news reports Friday that the Japanese government was considering tax cuts. Then came Prime Minister Ryutaro Hashimoto's slight backtracking, in which he ambiguously urged "caution" on the

The chief government spokesman, Kanezo Muraoka, also spoke up, saying Tokyo would pursue both economic stimulus and fiscal reform. Most economists say the two goals are contradictory. The government will have to spend money to stimulate the Japanese economy quickly but cut spending to meet fiscal reform goals.

Since Japan came under pressure to stinulate its economy at the London necting a week ago of finance ministers of the Group of Seven leading industrialized nations, Jupanese officials have been sending out a litany of vague and often contradictory signals about what they intend to do.

The only economic target that Japanese officials have clearly stated is an intention to try to push the Nikkei iodex above 18,000 on March 31. Only six months ago, Finance Ministry officials were declaring that efforts to artificially lift stock prices were a thing of the past, that such efforts had no place in a deregulated

But faced with their economic crisis, officials are reverting to the old-time medicine. Mitsuo Horiuchi, the minister of international trade and industry, said Friday that he thought the govemment-run postal savings and insurance funds should be used to bolster stock prices.

Indeed a major goal of Tokyo's bank bailout March 31, according to the governing Liberal Democratic Party. Details revealed this week show that few tough restructuring requirements will be placed on the banks and indicate that none of the major 18 banks eligible for the \$16 billion available will be turned down.

In fact, as word leaked out that some of the banks, pressured by a bribery scandal, were the International Monetary Fund, which include reluctant to apply for the money, party officials went to banks and insisted that they all participate. They fear that if only struggling banks applied, they might get negative publicity. The officials were undeterred by the fact that only last year, the Finance Ministry had declared the convoy system --- which required strong banks to protect weak banks --- dead.

Market participants bid up stock prices Friday on the reports of a lax cut, despite Mr. Hashimoto's reluctance to embrace the idea publicly. The Nikkei 225-stock index rose 329.97 points or 2 percent, finishing at 16,831.67.

But because their optimism is based on so linle, one analyst said, discouraging rumors could as easily knock the market down.

Meanwhile, the bad data continue to roll in. Job offers are falling, while the number of jobseekers is growing. Housing starts plummeted in January and are expected to contioue to fall. Several major companies slasbed their earnings forecasts. Ratings agencies continue to lower the credit ratings of Japanese companies. The number of bankrupicies has been increasing. Even the golf club membership price index compiled by the newspaper Nihon Keizai Shim-bun continues to plummet, falling to its lowest level since 1984.

There was one bit of good coonomic news plan was to get capital into weak banks before Friday for Japan: Auto exports tose for the 20th month in a row.

But the weak domestic economy lessens the potential for export growth for the rest of Asia, said Tim Condon, a Hong Kong-based regional economist with Morgan Stanley. "Domestic demand in South Korea, Thailand and Indonesia has been crushed," he said, by the policies of

high interest rates and cutbacks in spending. Exports are the one potential source of growth for these countries. But so far, export growth in much of Asia appears to be slowing, not rising, Mr. Condon said. That is because Asian nations sell 40 percent to 60 percent of their exports to Other Asian countries. Japan is a major market for them, but Japan is importing less and less. Mr. Hashimoto told Parliament Thursday

that Japan "is seriously working on what remedies it can bring to the Asia-Europe meeting" on April 3, leading to widespread speculation that an economic stimulus package would be ready by then.

Many economists expect the government to anoounce an economic stirnulus package in the next few weeks, probably a combination of tax cuts and public works ranging from \$30 billion to \$50 billion. But few expect the package to generate much domestic growth.

"This will temporarily suspend the worsening of the economy," said Hisashi Yamada, senior economist with Japan Research Institute, a private research institution, "bin is unlikely to

We need structural reform for real crowth," be said, but "this process requires more pain in the next couple of years.

### Societe Generale Reorganizes Yamaichi Asset Management

TOKYO - More of the collapsed Yamaichi Securities Co. empire was recycled Friday as Societe Generale Asset Management of France renamed the brokerage's asser-management unit and retained its top executives.

SGAM, a division of Societe Generale, is the majority owner of Yamaichi International, baving bought 85

percent of the company in late January.

The company's new name, SG Yamaichi Asset Management Co., will become effective April 1, pending approval of the Ministry of Finance, said Philippe Collas, the SGAM chairman.

In another step toward liquidating what remains of Yamaichi, the company closed 57 of its branches and laid off 2.345 employees.

Yamaichi, once the fourth-largest broker in Japan, began to fold in November under buge trading losses and massive debts. It will shut completely at the end of March,

SGAM plans to retain the Yamaichi unit's staff of 136 and bire an additional 22 Yamaichi Securities personnel. Merrill Lynch & Co., a U.S. broker, has also purchased part of Yamaichi and plans a 30-branch chain of Japanese

On Friday, Sanwa Bank Co. said it had agreed to buy an 18.6 percent stake in Yamaichi Investment Management Co. Sanwa plans to use the unit to develop new pension-type mutual funds. (Reurers, AFP, Bloomberg)



#### Very briefly:

Bandai Co., a Japanese toymaker, is giving up on the Pippin Atmark, a videogame player with Internet capability that was jointly developed with Apple Computer Inc. Bandai will take a charge of 27 billion yen (\$209.5 million) as a result.

 Japan's housing starts fell 16.3 percent in January from a year earlier, to 88,207 units, the lowest level since January 1993. January's drop followed an 18.6 percent decline in

 Daiwa Bank Ltd. may be unable to recover an outstanding advance of 3.7 billion yen made to Suzuki Sangyo KK, which has filed for court protection from creditors.

 Bridgestone Corp.'s 1997 parent current, or pretax, profit rose to a record 100.17 billion yen from 93.61 billion yen a year earlier as strong U.S. demand for tires offset weak markets in Europe and Asia. The relative weakness of the yen belped exports, the company said, Taiwan and the European Union ironed out some major

trade differences, but disputes over tariffs on cars and wine prevented the two sides from finalizing a deal during negotiations on Taiwan's bid to join the World Trade Organization, Taipei agreed to a series of liberalization measures to open its service sectors and cut tariffs on industrial products. · Hong Kong's exports and re-exports dropped 4.1 percent

from a year earlier, to 114.4 billion Hong Kong dollars (\$14.77 billion) in January. The government said the decline was likely due to the timing of the Lunar New Year.

· Hong Kong banks said they would leave savings and lending rates unchanged. There had been speculation that banks would take advantage of reduced interbank lending rates to ent their prime rates soon and spur their retail business. The prime rate is currently 10.25 percent.

 Thailand's December current-account surplus widened to \$1.18 billion from \$997 million in November. Finance Minister Tarrin Nimmanahaeminda said the International Monetary Fund expected the Thai economic recession to bottom ont during the second quarter of 1998.

#### Warning that the full impact of the Asian financial crisis would be felt only this year, Finance Minister Richard Hu said prudence was the government's

Singapore Hopes to Bolster

**Businesses With Tax Package** 

watchword in planning the budget released Friday. 'Our tax rates remain competitive and no major tax changes will be made against a background of declining rev-

Compiled by Char Staff From Despatches

nounced tax cuts and other pro-business

measures Friday as it faced a sharp

economic slowdown, but maintained the

corporate income tax rate despite wide-

spread expectations of a reduction.

SINGAPORE - Singapore an-

enue collections and rising development expenditures," Mr. Hu told Parliament.
"Although GDP growth is expected to slow down substantially this year, a decline to negative growth is not foreseen, so major stimulus initiatives are

not contemplated at this time." The budget contained a rebate of 5 percent on personal income taxes and market.

#### corporate tax rate of 26 percent. Instead, it received a package of tax relief mea-

lower property taxes. It also contained

higher tobacco duties.

But the private sector was hoping for a one-point reduction in the island's sures that varied from sector to sector.

Despite slower economic growth and declining tax receipts, the government would manage a modest budget surplus of 2.73 billion Singapore dollars (\$1.67 billion) — a 46 percent drop from 1997's projected 4.8 billion-dollar sur-

Mr. Hu said, "We are increasing capital expenditures, particularly in the key areas of education, economic infrastructure and defense, in order to invest for the long term.". The government also announced Fri-

day a freeze on all sales of state-owned land for private residential development until mid-1998 amid a deep slump cansed by oversupply in the real estate (AFP, Reuters)

### MILITARY: Arms Contractors Wean Themselves From Pentagon

Continued from Page 1

of these recent mergers on America's overall military capability. And no one is saying that the United States is unprepared in its test of wills with Iraq. Still, there are concerns that, over time, what is being done for economic reasons today may have battlefield consequences to-

"Many of the things we do in peacetime for economic reasons in our defense consolidation could have a downside in terms of war preparedness, 's said Lauren Thompson, director of defense programs at the Alexis de Tocqueville Institute, a Washington research organization.

For instance, while the U.S. Navy has sufficient supplies of Tomahawk cruise missiles, the number of makers of these missiles has been reduced since the Gulf War from two to one. Raytheon says it See Monday shirts has plenty of capacity to make the AM-RAAM-Aim 120 air-to-air missiles used in the Gulf War. But what bappens if a sbortage occurs and the Pentagon can no longer turn to the only other AMRAAM A GREAT DEAL BAR AT THE CYTERIA supplier, Hughes Aircraft, because

Hughes is now part of Raytheon?
"Industry consolidation has gotten to
the point of increasing concern," Mr. Meanwhile, there are some benefits, Herald Tribe

too. A new focus on the civilian business practices means that the Pentagon will be piggybacking more on existing commer-cial technologies rather than engage in the costly process of building from scratch.

The military procurement budget. which pays for new weapons, fell from a peak of \$97 billion in 1985, to \$44 billion today.

last May for the secretary of defense by the Defense Science Board, a civilian military industry consolidation "poses potential concerns over time." Among them are fears that monopolistic prac-tices could be "harmful to defense product cost, quality or performance" and that reduced compection could de-press innovation, especially among smaller military suppliers.

A vision of the military contractor of the future exists just a few miles from the Pentagon in Bethesda, Maryland, where Lockheed Martin has grown by acquiring 22 weapons suppliers to become the nation's second-largest military contractor. Along with Boeing and Raytheon, Lockheed has been dubbed one of the 'mega-dominant'' defense companies. in industry jargon. Its \$28 billion in sales comes from the acquisition of such companies as Martin Marietta, Loral, Unisys Defense, and Ford Aerospace. It is currently seeking to acquire the Northrop Grumman Corp., the maker of the B-2 bomber, for \$8.3 billion.

Still, for all this consolidation, military contracts, which accounted for more than 80 percent of Lockheed's revenues in 1989 and for around 50 perceni today, are expected to drop to 25 percent of revenues in the next decade as Lockheed branches into satellite, electronics, telecommunications, and information services for civilians. We will be a diversified, high-tech

two-thirds of all military product sales. nik, an old Soviel-bloc satellite com A report on these mergers prepared pany, to orbit four Lockheed telecommunications satellites to broadcast into Russia, Eastern Europe, Asia and Africa. advisory panel, found that while there is 'little evidence' of problems to date, with Intel Corp. to market a 3-D graphics computer chip that Lockheed had de-veloped for military simulations and that is now incorporated into Intel's personal-computer mother boards.

It is also embarking on a new program in which high-resolution satellife transmissions, once used for military surveillance, are being marketed to foresters. agribusiness, city planners, cable-tele-vision operators and anyone who needs and sophisticated topographical maps.

For some companies, like Boeing, mergers may temporarily increase their overall military dependence. Still, for most, commercial work is considered the growth area. In contrast, military contracts are seen as a steady revenue stream, often for 10 to 20 years.

Pentagon officials are convinced that future warfare will draw heavily from the high-tech innovations dominated by American enterprises. That allows military planners to assume that much of what they need can simply be purchased off-the-shelf and modified, if necessary, for the military. This can be less costly than items often made to needlessly complex military specifications, said Mr. Gansler, the defense undersecretary.

Of course, there will still be plenty of business in traditional military hardware. For the first time in a decade, the military procurement budges was not cut in the Defense Department's 1998 budget and company that does defense work," Mr. Augustine of Lockheed said.

The company's strategy is to use technologies developed for the military to around \$100 billion a year for procurecreate new civilian profit-making uses. ment and research - makes the Pentagon

### **Eurolotto:**

### Now You Can Enter 3 Major European Lottos **Every Saturday for A Chance to Win** Your Share of Over US\$5 Billion.

your numbers in all 3 of the most popular and biggest paying Lottos in Europe at the same time: the UK National Lottery, German Lotto, and

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When your numbers are entered in all 3 Lottos

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Here's how much is paid out every year. Annual payouts: UK National Lottery pays ont US\$2.6 Billion, German Lotto pays out

US\$1.89 Billion and French Lotto pays out

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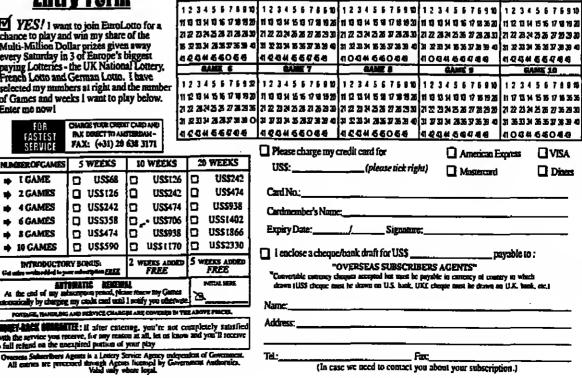
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As the end of my advantages period, please three my General accurately by charging my check card wall I notify you otherwise.

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### any given military contract. The three create new civilian profit-making uses. It formed a joint-venture with Intersput DISPTITE. Accepted. DISPTITE. Accepted. DISPTITE. Accepted. DISPTITE. Accepted. February 1997 to enter into to Morgan of \$489 million.

#### Continued from Page 9

"Any time there is litigation, you have to wonder how things will get resolved. when two parties sell each of the iceberg in Southeast

Indeed, so loath are commercial and investment banks to invite regulatory scrutiny of their derivatives activities return for baht. that almost all legal disputes about such contracts have last summer, setting the Asian been settled before going to

Another issue vexing the derivatives market is how often the products are used to hedge risks, such as shifts in foreign-exchange or interest fales, and how often they are used merely as a high-octane form of gambling. The Morgan dispute clearly involves

According to court papers, Morgan and SK agreed in antorshave a potential liability

two derivatives contracts involving currency swaps. A currency swap occurs

This has the feeling of the tip other currencies and agree to re-exchange the principal at a later date. SK, betting that the Thai baht would rise, exchanged

Japanese yen with Morgan in But when the bahi crashed economic crisis in motion, SK's big bet on the baht

proved to be a key part of a \$300 million blunder. So did other currency plays that SK had incorrectly

wagered on. SK had a third derivatives contract with Morgan that has left it with a \$189 million loss and is the subject of a separate court action in South Korea. All told, SK and its guar-

SK has contended in papers in the South Korea case Morgan in New York two that Morgan failed to ad- weeks ago, the judge derided equately inform it about the the firm's argument and SK risks inherent in the deriv- withdrew the claim.

atives contracts. When SK filed a similar claim against

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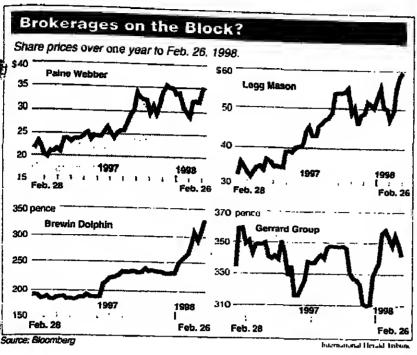
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### Targeting Brokerages Before They're Targeted

By Barbara Wall

E-mail address: moneyrep@iht.com

CQUISITIONS OF U.S. retail hrokerage houses by hanks and larger securities firms have been increasing steadily since the mid-1990s, and indications are that more may be on the way.

But investors will have to hurry if they want to capitalize on the investment opportunities in the sector, as some analysts have surmised that any remaining deals will have to be finalized within the next six to-nine months in advance of the year 2000.

The acquisition by the retail brokerage Dean Witter, Discover & Co. of the more institutional Morgan Stanley Group Inc. last year fueled industry speculation that the independent PalneWebber Inc. might have to form some kind of alliance.

"There is no doubt that many U.S. brokerages would prefer to retain their regional franchises and continue in profit without giving up their indepen-dence," said Burton Greeowald, direc-tor of B.J. Greenwald Associates, a Phil-adelphia-based financial services

consulting firm. But if they want to be global playconsider a merger, if only to raise funds for



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The same of the sa

Mr. Greenwald said that the logical candidates for acquisition include PaineWebber, Bear Steams & Co.

and Lehman Brothers Inc. "Many of the international hanks are looking to broaden their retail distribution base and expand their product mix." be said. "It is those brokerages with n strong assetmanagement capability and investmentbanking arm that are widely seen to be vulnerable to takeover hids."

EOFFREY BOBROFF, president of Bobroff Consulting Inc., a business consultancy for the money-management industry, said that if Goldman, Sachs & Co. were to follow Morgan Stanley's lead and join with a brokerage with a retail distribution capability, PaineWebber would be the obvious choice.

As one of the main shareholder's of PaineWebber's stock, Fidelity Investments may also be interested in acquiring control in order to improve its market position, he added

The other brokerage firms that are rumored to be potential candidates for acquisition include the regional concerns Legg Mason Inc., A.G. Edwards Inc. and Raymond James Financial

None of the three may be able to survive without the economies of scale into which their larger competitors can tap, especially in the area of computers, where the Year 2000 problem is an expensive consideration.

Mr. Bobroff said domestic and international banks would seek to acquire these companies, "provided the stock valuations continue to look attractive." Legg Mason has a good investment-

banking operation and asset-management capability, which will attract interest from international buyers." Mr. Greenwald said.

"A.G. Edwards is also a top-quality player with a small money-management capability and could be of interest to a domestic bank," he added, "though the company's chairman, Ben Edwards, has stated that he is not interested in the company being acquired. Raymond lames, meanwhile, has a very strong distribution network by virtue of its financial-planning subsidiaries and could attract bids from both domestic

and international banks." Moody's Investors Service said last Week that acquisition of securities firms by U.S. commercial banks was a good way for them to get into the underwriting business and maintain their relationships with important clients. It said the risks are limited because the transactions have been "relatively small, compared with

the banks' capital and earnings.' Jeffrey Chen, a research analyst for DataMonitor in New York, said be expected many of the independent on-line discount brokerages to be acquired.

"Until recently, full-service broker-

age firms have been reluctant to move on-line for fear of cannibalizing their existing customer base," he said. 'However, due to high customer demand, many of these firms now look at Internet trading as a service they must offer in order to remain competitive."

"In developing an on-line trading program," he added, "two distinct strategies appear to have emerged: The first option is for an off-line brokerage firm to purchase an on-line brokerage firm, as seen in the acquisition of Lombard Brokerage Inc. by Dean Witter, Discover & Co. The second alternative

is for a brokerage house to develop an automated trading program from the ground up, as done by Merrill Lynch."

Mr. Chen said that among the prime acquisition candidates are E\*Trade Group Inc. and Ameritrade Holdings Corp. "Both players have pursued a very aggressive advertising campaign and have experienced a huge surge in their stock price in recent months," he said.

**¬AKEOVER ACTIVITY presents** investors with a tremendous opportunity for investment gains. With most financial-services stocks baving already appreciated, however, there is a limited scope for further big gains.
"There are investors who will buy

stock on the strength of a possible mer-ger taking place, Mr. Bobroff said. "To a certain extent, this knowledge is written into the share price, but the acquirer will still have to pay a premium for the stock. It would not be unrealistic to expect the stock price to increase by between 20 percent to 25 percent if a

merger or acquisition did go ahead.' There has been a flurry of merger acovity in the European financial services industry in recent years, and the few remaining independent publicly quoted brokerage houses are largely

based in Britain. The companies considered most susceptible to takeover bids are those that concentrate solely on private client husiness. Players in this category include Brewin Dolphin Holdings PLC, Gerrard Group PLC — which includes

the brokerage Gerrard Vivian Gray Ltd.

— and BWD Securities PLC. "Independent private-client brokerages in Britain are currently trading at discounts of around 25 percent to the market, with yields of between 3 percent and 5 percent," said an Edinburgh-based analyst who works for a large international bank and asked not to be identified. "If I was a private investor with a £100,000 investment portfolio, I would consider investing £10,000 in at least one of the three larger brokerage houses. My first choice would probably

be Brewin Dolphin.' 'It would have to be a long-term investment, however, as these companies are not traded frequently," he added, "and if the market was to suffer a downturn, it might be difficult to bail out."

TOT EVERYONE is bullish on this sector. Simon Davies, an investment manager with Berry Asset Management in London, said that it would be folly to huy a brokerage on the expectation of making a huge profit.

"A brokerage is a fairly risky in-

vestment and many analysis have said that the stock prices are already way too high," he said. "Then there is the problem of liquidity. If you are holding the investment for the long term, you have to be reasonably satisfied that any merger will actually add something to the company. There is no evidence to suggest that the merger between Gerrard Vivien Gray and Greig Middleton, for example, has improved services and the

profitability of the new company. For every successful merger story in the money-management industry, he added, "there is usually at least one failure.

David Poutney, a financial services analyst withPanmure Gordon & Co. in Mancbester, England, said that he would certainly not recommend a British brokerage to investors now.

"The best private-client brokerages were snapped-up years ago, and the ones that are left are not even on the radar screen," he said. "Those investors who are tempted to buy one of these highly geared plays, when the market is clearly at the top of its cycle, frankly need their heads examined."

### **Investing in Investors While You Still Can**

**Get Them While They're Hot** 

By Andrew Blum

UBLICLY TRADED asset managers are a vanishing breed. being ohvious takeover targets for banks and brokerage houses that want to expand their offerings or retail systems. With only a few dozen companies left in the industry, investors may want to place their bets on some of these stocks before it is too late.

About half of the remaining managers are in the United States, and most of the rest are in Britain and Canada. Asset managers with less than \$100 billion seem to be the most vulnerable to takeovers because they are too small toremain independent.

One of the biggest remaining American managers is T. Rowe Price Associates Inc., which has more than \$200 billion under management. It maintains that it is not for sale, but is often mentioned as a takeover target.

We would like to remain independent," a company spokeswoman said, "It's in the best interests of the firm and shareholders." She attributed sale rumors to the fact that "there are so few public companies and there is consolidation going on and we're one of the largest mutual-fund companies."

United Asset Management Corp.,

which is not generally seen as a takeover candidate because of its multiple affiliates, just saw the value-investing guru Michael Price double his stake, to 10 percent. Through a spokesman, Mr. Price, whose own management com-pany, Heine Securities Corp., was ac-quired in 1996 by the larger Franklin Resources Inc. for \$600 million, said the UAM stake was for investment pur-

But Larry Sondike, senior vice president of Franklin Mutual Advisors, Mr. Price's division, said UAM would be an attractive property for someone to take over, especially if a company wanted to get into institutional money management, which is a big part of its business. The company could go for "a very high premium," he added.

A UAM spokesman said, however, that the company was not for sale. Given such developments, identifying who is to be acquired next depends

on whom you ask.
"The whole world is a candidate — at a price," said Neil Epstein of Putnam. Lovell & Thornton, a San Franciscobased financial firm that specializes in mergers and acquisitions of money

he estimated that it would be for a price of 10 to 15 percent above its \$4 hillion market capitalization.

Gcoff Bobroff, president of Bobroff Consulting Inc., said there had been constant rumors of a T. Rowe Price sale. If it were 10 be sold, he said, it would fetch a higher price than Mr. Epstein

"I believe to convince T. Rowe Price to sell, you might see a market premium of 30 percent to 40 percent," Mr. Bobroff said.

High Yield Analytics Inc. of Chicago, which analyzes spin-offs, noted that stock in publicly traded asset managers in the United States traded at 20 to 25 times expected annual earnings. T. Rowe Price currently is near the top of

In recent years, the deals have been many. According to Putnam, Lovell, in 1996 and 1997 there were 97 moneymanagement industry acquisitions, of which 27 were by public companies.

Putnam, Lovell has handled such deal: as the \$1 hillion Pimco-Thomson Advisory Group transaction and the \$600 million New England Investment Cos.-Reich & Tang takeover. In 1997, in advised Montgomery Securities to sell its asset-management husiness to Germany's Commerzbank AG, one of several German banks buying U.S. private

money managers. We are going through a period of

Selected publicly traded asset managers Administradora de Fondos de Pensiones (PROVIDA) Provida SA (ACR: PVO) Chile Alliance Capital Management (AC) LLS. (AVZ) (ADR: AVZ) Amvescap PLC Britain **BPI Financial Corp.** BPI Bull & Bear Group (BNBGA) tı.S. Colonial Ltd. (CGH) (DBC/B) Dundee Bancom (EA) Eaton Vance Corp. U.S. Evergreen Canada-Israel Investments Ltd. (EVER) Exeter Investment Group PLC Britain Franklin Resources Inc. U.S. FIS: Friends Ivory & Sime PLC Britain Investors Group Inc. M&G Group (MG/) Britain (MKF) Mackenzie Financial Corp. Mansion House Group Hong Kong New England Investment Cos. NEW John Nuveen & Co. (JNC) U.S. Perpetual PLC (PER) Britain Pimco Advisers Holdings LP tı.\$. :PA) Phoenix Duff & Phelps Corp. (DUF) tı.S. U.S. Fioneer Group Inc. (PIOG) (TROW) U.S. T. Rowe Price Associates Inc. Regent Pacific Group Inc. (575) Hong Kong Savoy Asset Management PLC (SMN) Britialn United Assel Management PLC (UAM) U.S. Value Line Inc. (VALU) tı.S. International Herald Typhoco

consolidation," Mr. Bobroff said. 'Money-management companies are today fetching very attractive returns.

He said, however, that he foresees more private transactions because public transactions do not offer a premium over private transactions. As an example, he cited banks like Commerzbank and Dresdner Bank buy-

ing U.S. firms that pay premiums cal-culated by observers to be eight to 10 times their cash flow, which is annual earnings before interest, depreciation and amortization.
The recent \$1.3 hillion sale of LGT

Asset Management was a hybrid of public and private transaction, a spokeswoman said. Liechtenstein's royal family, via the Prince of Liechtenstein Foundation, owned more than 99 percent of Liechtenstein Global Trust, while a fraction of its shares traded on the Zurich Stock Exchange. The family decided to sell its asset-management business to Amvescap PLC, in a deal that is expected to close at the end of May. LGT will then focus on its private banking business.

With \$66 billion managed, LGT's asset-management business was by no means small, but was tno tiny 10 continue operating alone.

"In light of the rapid consolidating and merging of several large asset-management firms, we believe that LGT is no longer the best parent to further develop the considerable opportunities available to our asser-management business," Prince Philipp of Liechtenstein, the brother of Liechtenstein's monarch, Prince Hans-Adam II, said in a state-

Amvescap is the holding company of the AIM Management Group Inc. and INVESCO PLC mutual-fund and assetmanagement husinesses. It is a British company, but much of its staff and assets are in the United States. By huying LGT's money-management division, it is expanding in the United States

and in other countries. Milion Berlinski, a managing director of Goldman, Sachs & Co., said the public money-management sector bad its share of companies that were not going to be acquired. Goldman was LGT's adviser in the Amvescap negotiations.

"The Franklin Resources and T. Rowe Prices of the world are positioned

products and size were such that they could compete with anyone, "They are positioned to be a consolidator — doing the acquiring."

In the case of T. Rowe Price, be said nobody was likely to mount a hostile takeover, because keeping the professionals at a management company was of paramount importance, Franklin has already acquired not only Mr. Price's firm, but in 1992 bought Templeton Funds, Mr. Berlinski noted.

Investors searching for overlooked U.S. managers might want to consider Pilgrim America Capital Corp. Jonathan Moreland of InsiderTrader said the company had just \$3 billion in assets under management but was profitable and might fetch about a 50 percent premium over its current stock price of

A well-known 'name but unlikely takeover candidate is Value Line Inc. The chairman, Jean Bernhard Buttner, wbo owns 80 percent of the company, is said to be reluctant to sell. The other 20 perceot of the company, which produces investment research as well as managing funds, is publicly traded.

There are two minnows on the scene, Jordan American Holdings and H.D. Vest Inc. Jordan American has its roots in the Christian Purchasing Network, a seller of goods and services to church

It manages about \$65 million of asseis, and the president, Wallace Jordan, said he would like to either huy or be bought by another company, although he was not negotiating a deal. The com-pany lost money in the first nine months of last year, but Mr. Jordan said he was hoping for better results in 1998, and be noted that the company had recently opeoed a new mutual fund.

HD Vest Inc. manages about \$1 hdlion of assets, and also provides brokerage and tax advice.

Although the industry has been consolidating at a heeric pace, a few new names are emerging. Goldman, Sachs helped Affiliated Managers Group Inc. come public at \$23.50 a share in November, and its shares are now trading at \$36.875 Like UAM, bowever, it has majority interests in smaller companies, which likely would discourage po-

Some coming spin-offs, meanwhile, include Waddell & Reed Financial Inc., as survivors," he said, adding that their which has about \$20 hillion under man-

tential acquirers.

agement and is now owned by Torchmark Insurance Co., Mr. Bobroff said. He also mentioned Kansas City South-em Industries Inc.'s plans to divest its mutual-fund division, which owns the Janus and Berger funds.

In other countries, there is action as well, Mr. Bohroff said. Henderson PLC, a British company traded on the London Stock Exchange, has entered into an agreement to be acquired for more than \$600 million by AMP Asset Managment Ltd., an Australian-based fundmanagement and insurance company. Henderson manages about £14 billion

(\$22.9 hillion). Of the remaining independent fundmanagement groups in Britain, Perpetu-al PLC, M&G Group PLC and Edinhurgh Fund Managers are rumored to

be in line for acquisition. This week, the price of Perpetual stock exceeded £32 for the first time, yer, according to observers, Perpetual's

operating fundamentals are poor. An analyst who follows the sector said Perpetual was under pressure to cut its fees, which are at the top end of the sector's range. This will undoubtedly put a strain on its profit margin, he added, but the expectations are that Perpetual will be bought and that the share price will move higher as a result.

M&G also bas problems. In recent years, its market share of unit trust funds has dropped from 11 percent to 3 percent. But it is rumored that Abbey Na-tional PLC may be interested in acquiring the fund-management group. Abbey National has set up a wealthmanagement division, and in a recent statement, the hank cited plans to increase exposure in this area via an unspecified strategic alliance.

Edinburgh Fund Managers has largely been ignored by the industry, but one Edinburgh-hased analyst said that with £7 hillion in funds under management and steadily improving investmeot performance by the group, it will likely be the target of a takeover hid within the next 18 months. "The rating of Edinburgh Fund Man-

agers is way below the average of other quoted groups in this sector, largely because of its poor investment performance in the past few years," said the analyst, who asked not to be identified. But the group will inevitably attract interest from a domestic or international bank that is looking for new distribution channels.

In Asia, the purest fund-management investment is Hong Kong's Regent Pacific Group Ltd., which in recent years has made most of its money investing in the booming markets of Eastern Europe. With S2.3 billioo under managemeot, its list of offices worldwide indicates the company's strength: Almaty, Kazakhstan; Barbados; Bucharest; Hong Kong; Isle of Man; Kiev; London; Moscow;

Bearish on Hong Kong since 1994, Regent was finally vindicated late last year. It calls recent gains in Hong Kong and China a "sucker's rally," is short in many other Asian markets and for the moment is picking up cheap, hard assets in Asia on the theory that currencies in the region will eventually recover.

Tokyo and Warsaw.

This week, Regent paid \$10 million for 22 percent of South Korea's Daeyu Securities Co. and it has also purchased 300 new, unoccupied apartments in Indonesia for \$4 million. At \$13,300 per apartment, the purchase could be the deal of a lifetime — unless Indonesia disintegrates.

Regent's stock soared after it listed in May. Since the crash in Hoog Kong in October, the stock has fallen despite consistent share huy-backs by the company. Regent stock is now at 2.35 Hoog Kong dollars (30 cents) down 8.7 percent from its issue price.

Hong Kong's other listed fund manager is Mansion House Securities Ltd., but this company also does brokerage and custody husiness. Like several other

Continued on Page 17

### Risks Outweigh Rewards in Insurance Shares

By Aline Sullivan

OR AN INDUSTRY that in the past has defined the word staid, the recent frenzy in insurance-company stock prices has gotten out of hand, analysis said, and they warned investors to steer clear of this highly valued industry because it is facing the prospect of lean times.

Premium rates in most lines of insurance and reinsurance are deteriorating, according to Christie Brockbank Shipton, an agent for members of Lloyd's of London. At the same time, some of the biggest players will be struggling for months to digest recent acquisitions.

At present, however, share prices continue to be supported by investor speculation that consolidation will accelerate. Small- and medium sized-companies everywhere are being winnowed out by those able to offer global services to their increasingly international clients. Elizabeth Farrell, senior financial analyst at A.M. Best in New Jersey, expects consolidation to continue.

"With more than half the property/casualty industry controlled by the top 20 insurance groups, the remaining businesses must be sbared by the other 1,100plus insurance organizations," she said. "That creates very competitive market."

That trend has been good news for companies whose potential as bid targets has distracted investors from their exposure to discouraging market condilions. For example, shares in several Swiss companies. such as Helvetia-Patria Holding, Baloise Holding Ltd. and Schweizerische Lebensversicherungs-und Rentenanstalt, surged in recent weeks as investors identified them as possible takeover targets.

But some analysts warned that much of this pojential has long been priced into the shares. If that is the case, there does not seem much reason to hold the have the most to lose as pressure on their profit margins stocks. Each of the three companies is considered too mounts from clients anxious to reduce transaction small by industry analysts to survive long on its own.

As takeover frenzies go, this insurance version has been unusual, with shares in both the target and bidding companies having mostly risen since the deals were announced. That is because most of the deals have made strategic sense for both parties, analysts said. But they do not justify high share values across the board, they warned. Since mergers and acquisitions activity by its nature

is sporadic, the stocks gains provided by the industry's consolidation will also be sporadic," said Jay Cohen, insurance analyst at Merrill Lynch & Co. in New York. The industry's results last year were great, but are not sustainable. Stick to those companies that are growing despite the difficult fundamentals or those companies

that are creating value through restructuring efforts." Top on many analysts' lists is Aon Corp., perhaps the most voracious of the insurance brokers. In February, the Chicago-based firm announced plans to buy both the third-largest French broker, Le Blanc de Nicolay, and Spain's largest retail and reinsurance broker, Gil & Carvajal. In January, it bought the shares it did not already own in Societe Generale de Courtage

d'Assurance of France. This spending spree follows other major acquisitions over the past two years: Germany's biggest broker, Jauch & Huebener, the British brokers Bain Hogg Group and Minet and, most significant of all, the U.S. behemoth Alexander & Alexander Services Inc.

Aon's purchases have put it on equal footing with the U.S. broker Marsh & McLennan and well ahead of Britain's Sedgwick Group PLC and Willis Corroon PLC. The playing field would be leveled again if, as many analysts expect, Sedgwick and Willis merge.

catastrophes in recent years, analysts said. This contrasts with the late 1980s and early 1990s, which saw a spate of natural and man-made catastrophes, culminating in 1992 with Hurricane Andrew's devastation of Florida, which cost the insurance industry \$15 billion.

costs, analysts said. Only the biggest are able to offer

multinational companies the complete risk-manage-

ment service now in demand. They have accomplished

No other sector of the insurance market has seen

consolidation on the quite the same scale as the broker-

age sector, although reinsurance runs close. Munich

Re, the world's biggest reinsurer, began the process in

1996 with the acquisition of American Re. Swiss Re,

the second-ranking global reinsurer, followed suit in

1997, snapping up Mercantile & General Re, the

Reinsurers have profited from a low incidence of

leading British reinsurance company.

this by taking over or squeezing out local brokers.

The problem with the recent unusually quiet period is that when it ends, the deficiencies in the current premium rating structure for reinsurance will be revealed. analysts warned. Rates for most classes of reinsurance business have been falling steadily since 1994.

The outlook for insurers with lower catastrophe exposures is rosier. In Europe, personal-lines insurers with a Continent-wide presence should profit from European monetary union, which is set for 1999.

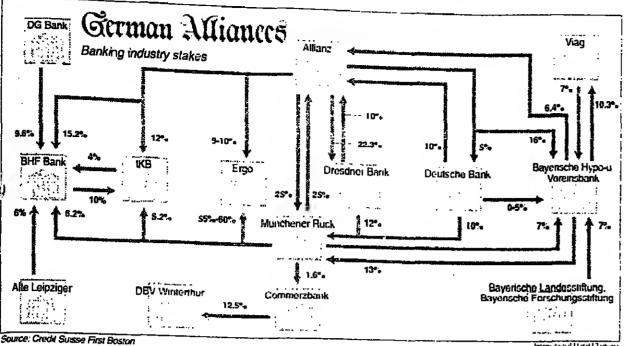
Commercial Union and Guardian Royal Exchange PLC hope to expand across borders and sectors. Commercial Union PLC, which this week announced a mega-merger with General Accident PLC, also recently bought the German life insurer Berlinische Lebensversicherung, while Guardian took over PPP Health-Left intact, small- and mid-sized insurance brokers care, Britain's second-largest private medical insurer.

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### THE MONEY REPORT



### Banking on a Merger-Mania Outbreak

By Judith Rehak

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OU NEVER know where the next bank takeover will popup, but investors seeking to takeover might first look to Europe, banks on traditional valuation criteria, where merger mania is reaching a fever pitch, propelled by the looming economic and monetary uttion.

The planned merger between Union Bank of Switzerland and Swiss Bank In Germany, another country with an Corp. would create the second-largest abundance of banks and tragmented Bank of Switzerland and Swiss Bank bank in the world. In Britain, share market share, takeover speculation is prices of Barelays PLC and National rampant. Opinions cary widely as to Westminster Bank PLC leaped, Westminster Bank PLC leaped, FINANCIAL who will do what with whom then slipped, on rumors and CONSOLIDATION and when, but most analysts

denials of a possible marriage. And "Italy is a madhouse," said one analyst, referring to the wave of speculation sweeping Italian bank stocks, an index of which is up 23 percent this year,

Even traditionally staid markets have become infected. In a major surprise, Canada's two largest banks, the Royal Bank of Canada and Bank of Montreal, announced in January that they want to join forces, making them the second-biggest entity in North America. They hope to ward off predators from the United States and expand their global reach.

By contrast, the U.S. banking sector, where consolidation has been under way for several years, is a pool of tranquillity. That said, last week the blue-chip bank J.P. block by announcing that it would consider a merger. In the U.S. market, banks remain cent stake in Dresdner Bank, the counone of the best ways to make money.

Italy, with too many banks for too few customers, is arguably the scene of the most freneue activity right now. The timate a takeover price, Mr. Hoge uses a pending merger between the securities- formula that takes the book value of the expects more deals among the largest based Istituto Mobiliare Italiano and stock, plus value of hidden assets, and banks over the next 12 months. Isutulo Bancario San Paolo di Torino, the country's largest commercial hank, a purchase price of around 80 DM. has spawned so many potential combinations that it has players reaching for their scorecards.

"It's just a harbinger of what's to come," said Bryan Crossley, a banking analyst with ABN-AMRO Holding NV. His recommended list includes Banca Commerciale Italiana SpA, which has been unsuccessfully courting merger partners.

It is still the case that it has to do a

deal, because everybody else has done one, and it has fallen behind its main rival. Credito Italiano, which acquired a bank two years ago and has gained critical mass and cut costs," said Mr. Crossley.

was that Mediobanca SpA was the most likely partner, But Mr. Crossley declined to contribute to the bulding fever the has uncovered savings and loan asby predicting a future price for BCI.

his share price has already gone up a up, but investors seeking to lot, but there is none that haven 1, and not buy shares in advance of a just at Italy," he said. "If you value you have to wonder how investing at this level could be sensible, but then you would have been saying that six months

agree that Commerzbank AG. the country's third-largest bank, is a prime takeover target. Mark Hoge, senior bank analyst with Credit Suisse First Boston in London, cited several reasons why.

"It's a high-quality bank with a strong retail and commercial hanking franchise in Germany, but not a well-developed asset-management or investment-banking expertise," he said.

A partner with strength in those two areas would make a good lit, he said, hut equally important, Commerzbank has no shareholder with more than a 5 percent stake. This is a crucial point in Germany, Mr. Hoge explained, where a tangle of cross-holdings among banks and companies could block a takeover attempt, He Morgan & Co. in effect put itself on the noted, for example, that Allianz, the big insurance company, has a hefty 23 per-

try's second-largest financial group. Commerzhank shares traded Friday at 65.7 Deutsche marks (\$36,50). To esubles that to reach

"And that's at the low end," he said. In the United States, meanwhile, much of the action has shifted to small hanks. The John Hancock Bank & Thrift Opportunities Fund racked up a stellar 62.6 percent return last year by buying mostly takeover targets, few of them household names.

Tom Finueane, who co-manages the closed-end fund, likes Firstar Corp., a bank in Milwaukee, Wisconsin, that also operates in Iowa and Minnesota, and is seen as a takeover target by a larger bank in the region. At its recent price of \$42 a share, he said, "it's a bit expensive, but an The prevailing wisdom, he added, acquirer would pay a premium to that."

In another strategy that has produced some of the fund's most profitable plays, sociations like S.I.S. Bancorp, A troubled Massachusetts thrift in the early 1990s, S.I.S converted to public owneiship in 1994, brought in new managenient, and addressed their had loans. "They turned a sleepy S&L into a healthy consumer bank," said Mr. Finucine.

It now stands a good chance of being acquired by a larger Connecticut or Massachusetts lender, he said.

Even larger Anterican banks could qualify for mergers, according to some analysts. Gerald Cassidy of Tucker Anthony Inc. in Portland, Maine, is focused on thriving regional banks that have snapped up competitors, and declared their independence. So why would they be targets? The market is very unforgiving," he

"If they stumble and earnings aren't up to expectations, they could become takeover candidates.

His huy list includes PNC Bank of Pittsburgh and BankBoston Corp., a major player in Latin America. What of banks in Asia, staggering

under the region's financial crisis? One of the few places where you can currently buy a merger prospect at a depressed price is Singapore. Bank shares are still 20 percent to 30 percent below their pre-crisis levels, and 1997 profits at its six major banks are expected to be down about 30 percent, although they remain financially strong.

Nevertheless, the entire group was boosted by the announcement in January that the two smallest of the top players, Keppel Bank and Tat Lee Bank, would merge. Lin Beng Eu, who follows the sector for Vickers Ballas Investment Research, said he

failure, and it's not precipitated by the Asian currency crisis, although it is timely," he said. "The banks need to build up their capital base to tocrease their compelitiveness, in line with the global trend to consolidate."

He would not say who the likely partners would be.

"It's anybody's guess as to who merges with who, hut the bigger ones, Development Bank of Singapore and Oversea-Chinese Bank, will still be there

at the end of the day," he predicted.
The other leading banks are Overseas Union Bank Ltd., United Overseas Bank Ltd. and the proposed Keppel-Tat Lee

pension-fund manager. It also has 20 percent equity stakes

in pension funds in Meixco.

is expected to benefit from

consolidation in the pension-

fund business as smaller

companies cannot keep up. In

that case, Provida looks to

Ms. Bylander said Provida.

Philip Segal and Barbara

Wall contributed to this ar-

which went public in 1994, is

strong enough not to be ac-

easy animal to take over."

In Chile, she said Provida

Colombia and Peru.

Yovanka add individual contributors,

not assets managed.

Bylander, who follows the as fees are based on salary -

"We're very bullish on quired, adding, "It's not an

### Chaplin Should Have Stayed Silent

N THE evening before the million grow to \$1.1 billion! 1929 stock market crash. Charlie Chaplin was having dinner with frying Berlin. Berlin, the songwriter, had \$5 million invested in the market, which had soared 37 percent in 1927, 44 percent in 1928 and was up 28 percent in the summer months of 1929 alone.

"Berlin was ebullient about the market's prospects," writes Martin Fridson, telling the story in his fine new book.
"A Very Good Year: Extraordinary
Moments in Stock Market History."

Chaplin was not. The actor was trying to convince Berlin to sell all his stocks and take his profits, as Chaplin himself had just done. 'Owning stocks was unwise," Chaplin told his friend, "when unemployment stood at 14 million." But Berlin would not listen.

This story may make Chaplin seem like an investing genius, but he was not. The truth is 14 nullion

Americans were not unemployed. Only 2 million were, a rate of just 3.2 percent. In fact, never in U.S. history have 14 mitlion people been out of work.

It was only in 1933, in the depths of the Great Depression that unemployment, at 13 million, came close to Chaplin's number, in that year, by the way, the market rose a record 54 percent.

This deliciously ironic story points out the existential nature of investing: It does not matter whether you are wrong about the reason, as long as you are right about the action.

But, in a more practical sense, it provides an important lesson; It's extremely difficult to tell what the market. or even individual stocks, are going to do in the short term. Even people who appear to be right about the fature, otten just stumble into the correct answer.

For this reason, I have always been a buy-and-hold investor, In fact, I believe Berlin's approach was right and Chaplin's wrong, and the numbers bear me out.

Let's assume that Berlin began investing with \$2 million at the start of 1926. By the time of the crash, he had about \$5 ntillion, Using statistics from the Standard & Poor's 500-Stock Index ta good proxy for the U.S. market as a whole) and analysis by lbbotson Associates, the Chicago research firm, I calculate that, if Berlin had a broadbased portfolio, he would have just \$1.3 million at the end of 1932, a loss of 74 percent from the peak in 1929. But hy February 1937, he had re-

couped all of those losses and was back to \$5 million. By 1945, his portfolio was worth \$7.9 million; 10 years later, \$37 million. By his death in 1989 at the age of 101. Berlin would have seen his \$2 Remember the Chaplin-Berlin story

when you have the urge to sell your stocks because you think they are about to fall because of unemployment or anything else. Research shows clearly that, while the market is very volatile in the short

term, it consistently produces returns of about 10.5 percent annually in the long term. That means that if you keep your money at work, you'll probably double it every seven years, quadruple

it every 14 years. But, while buy-and-hold investing

works, the truth is, it is boring. h is far more exciting to jump in and out of stocks, flattering yourself all the while with your own genius for predicting what is going to go up or down.

JAMES GLASSMAN ON INVESTING

Chaplin dired out on the Berlin story for years, But, almost certainly, you will lose money trading this way, or not make as much money as you would if you bought a small portfolio of good husinesses and held them for a long time.

Still, the thrill of trading — the process of trying to take short-term profits in stocks by timing their rise and fall -- is practically irresistible.

Thave two pieces of advice; a resist, or b) if you must trade, then trade in a special, separate fun-money account an FMA.

Never trade with funds you cannot afford to lose — your retirement money, for example, or your savings for a down payment for a house. Instead, think of your FMA transactions as wagers on roulette in Las Vegas. Trading stocks — or trying to time the market in general — is gambling, pure and simple. It is a fun way to blow a lot of money in a short time.

In the end, the losses in your FMA should teach you an excellent lesson: making money by trading stocks is a fool's game,

THY? Traders must be prognosticators. They have to determine, in the present, wbether a stock will rise or fall in the immediate future. They have to time the market, buying stocks before they increase in price and selling them before they decrease.

Is timing possible? No. says just about everyone with sense. John Bogle of Vanguard, for example, writes, "In 30 years in this business. I do not know anybody who has done it successfully and consistently, nor anybody who

knows anybody who has done it successfully and consistently, Indeed, my impression is that trying to do market timing is likely not only oot to add value to your investment program, but to be counterproductive.

It is not hard to understand why timing stocks is so difficult. Take Microsoft Corp. as an example:

In July, if was trading at \$60 a share (adjusted for the recent split). Say you bought 100 shares for \$6,000. On Dec. 8, it reached \$73, and you had the perspicacity to sell, for a profit of \$1,300. Then you decided to jump back into the stock on Christmas Eve. at \$59.50 a share. On Thursday, Microsoft was \$85.50. Your profit this time around is \$2,600, a total of \$3,900 on a \$6,000 investment over just seven

months. Brillians. But there are a few draw-backs. What are the chances that

you can predict the precise peak Microsoft reached on Dec. 8? If you had decided to hold on through the end of the week, your profit would have been only \$800 instead of \$1,300. Then you had to pick the right day to ger back into the stock. If you had waited another week it would have cost you an extra \$500. Similarly, if you had bought back in a week before Christmas, you would have paid \$800

OULD ANYONE have possihly timed Microsoft with such precision? Of course not.

Now, as an alternative, what if you simply bought the stock in July at \$60 and kept it. Total profit so far: \$2.550. Not bad, considering that only one good decision - rather than three (in, out, int - is required.

Philip A. Fisher, the legendary investor, wrote in bis famous 1958 book, Common Stocks and Uncommon Profits" (re-released in paperback in 1996); "Never sell out of an outstanding situation because of the possibility that a...bear market may be about to occur. If the company is really a right none, the next bull market should see the stock making a new peak well above those so far attained.

"How is the investor to know when to buy back? Theoretically it should be after the coming decline. However, this presupposes that the investor will know when the decline will end .... When a bear market has come, I have not seen one time in 10 when the investor actually got back into the same shares before they had gone up above his selling price."

Washington Post Service



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### Investing in Investors While You Can

Continued from Page 15

brokers in Hong Kong, Mansioo House's stock soared last year as Hong Kong developed an insatiable appente for Chinese red-chip stocks.

Then, when the market crashed in October, so did brokerage stocks. Mansion House peaked at 3.85 Hong Kong dollars in September, but has now settled back to 95 cents, which is just slightly more than it had been trading from 1995 until early last year. Another large broker with

a fund-management business.
Tai Fook Group Ltd., went & public in the midst of the redchip craze. But again, fund management is only part of neutral/accumulate, and adthe business that an investor buys when acquiring Tai Fook stock.

Mankrupt. CA Pacific, 41 per-third of the country's mutual-fund market is controlled by the utility Power Corp. of Capital Asia Ltd., had ad- Canada. vanced too much money to Customers through its money-

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lenders in Hong Kong are not well as in Canada, managing subject to regulation by the a total of about 26 billion Calocal securities watchdog, so shares in small brokers took big hits as investors became increasingly nervous over the

safety of their money. In Australia, you can invest in Colonial Ltd., which, although it manages tunds and does it well, is primarily a bank and an insurance company. As good as the returns on the funds under management, the bulk of the firm's and said it has an excellent earnings are derived from

other activities. Andrew Kearnan, an analyst at Merrill Lynch Global Securities in Sydney, likes the company, but figores that it is management, the bulk of that now fully valued. He rated it in Chile, where it is the largest ded, "I wouldn't be touching

it personally." There are some fund man-Brokerage stocks in Hong agers in Canada, but there bas Kong were dealt a further not been much consolidation blow in January when CA Pa- in that market. Mr. Bobroff cific Securities Ltd. went said one reason is that about a

Mackenzie Financial Corp. stands out because it has leading affiliate. Money- funds in the United States as

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nadian dollars (\$18.5 billion)

In Chile, Administradora

de Fondos Pensiones Provida

SA is a company with good

pruspects and American de-

positary receipts, but an un-

likely takeover candidate, ac-

company for Morgan Stanley,

Dean Witter, Discover & Co.

Provida," she said. The com-

pany bas slightly more than

\$6 billion in assets under

THE WORLD'S

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### SPORTS

#### WORLD ROUNDUP

#### Swede Keeps Lead

GOLF Robert Karlsson of Sweden shot a 6-under-par 66 Fri-day to increase his lead to three strokes after the second round of the Desert Classic in Dubai. Karlsson has a 13-under-par total of 131. Ernie Els, who shot a 63, and Ignacio Garrido were tied for second at 134. Two strokes back fied for fifth was Seve Ballesteros, after a second straight 68.

#### Kafelnikov Survives

TENNIS Yevgeni Kafelnikov, the No. 3 seed, reached the semifinals of the London indoor tournament Friday with a 4-6, 6-4, 6-2 victory nver slumping Tim Henman. Henman held a break point at 4-4 in the second set, but after he failed to convert it he won only two of the remaining 10 games.

#### Pakistan Holds Edge

CRICKET Shaun Pollock and Allan Donald, two fast bowlers, added 53 runs for the last wicket Friday to carry South Africa to 231 in its first innings on the second day of the second test against Pakistan in Durban. Shoaib Akhtar, a 22-year old fast bowler, took five wickets for 43 runs. Pakistan, which led by 28 on the first inning, scored 11 without loss by the close.

• Matthew Horne and Nathan Astle made centuries as New Zealand reached 441 for nine wickets in its first innings against Zimb-abwe in Auckland, a lead of (Reuters)

#### NFL and Players Set Deal

FOOTBALL The National Football League and its players, after months of intense and sometimes nasty negotiations, agreed Thursday in principle to an extension of the collective bargaining agreement through the year 2003. The deal extends the salary cap to 2002. It has to be approved by a majority of players and by three-quarters of owners.

### Red Wings Keep Fedorov

ICE HOCKEY The Detroit Red Wings on Thursday matched the Carolina Hurricanes' \$38 million. six-year, contract offer for Sergi Fedorov, Fedorov, who had refused to play for Detroit this season under his existing contract, returned to the team Friday.

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### Coach Bird Burdened By Greatness as Star

### Fans Wonder if His Aura Can Inspire Pacers

By Ian Thomsen

ORLANDO, Florida - Larry Bird tries to blend in with his surroundings. His body language is passive and his eyes cast downward as he enters any kind of public room. In this case the room was the 17,248-seat arena in Orlando, built a decade ago to the specifications created by Bird's rivalry with Magic Johnson.

His players were warming up two hours before the game, and Bird sat uncomfortably in a coach's chair too small for him and watched practice sbots juggling around the rim.

With the gym empty of fans, the rookie coach was doing some of his best work. Like a sommelier making his first judgments with a sniff of the cork, Bird

#### IN AMERICA

was breathing in the mood of his team, the fatigue of some players and the giddiness of others, the combinations that might be worth trying, the probable tactics of his opponent.

During his 13 seasons with the Boston Celtics, Bird the player could be seen hours before the games on the court, alone, practicing his shots or running laps npstairs around the oval public walkway surrounding the wooden yellow seats of the late Boston Garden. Now, as coach of the Indiana Pacers, he is being paid close to \$4 million a year to work with players who can't quite do the things he did. As the evening approached he looked like he was daydreaming.

"He was the guy we learned from when he was playing," said Chris Mnl-lin, who plays forward for Bird. "There's no denying that, Coaches watched him and said, Learn from him, look what he does.' Gnys like Magic and Bird, these guys changed the game."

The legend goes that Bird was slow and conldn't jump. That became true at the end of his career, after the first of two surgeries on his back. He also had operations on his shooting elbow and both beels, consequences of his all-out play.

But when Bird first entered the NBA be could run with anybody. In his rookie season the Celtics won 32 more games than the year before. In those days he did his most spectacular work at full speed or in the air, his legs folded beneath him as he completed passes that few other players could bave imagined. By 1986, when he won his third NBA championship and a third consecutive Most Valuable Player award, be was commonly referred to as the greatest player of all time.

Now 41, Bird is having the same impact he enjoyed as a rookie player. Recently he was invited for the 13th time to the All-Star Game - and showed up in a coat and tie, which still looks as odd on Bird as a basketball uniform would look nn Prince Charles. Bird was so honored because he had coached his Pacers to the best record in the Eastern Conference. Last year, before he took over, they were 39-43 and missed the playoffs.

This particular group seems made for him. The Pacers are one of the most experienced teams in the league. The team had made the playoffs for seven straight seasons before last year. Bird has worked them hard but hasn't had to raise his voice -nnt in public, at least. Led by Reggie Miller, who is 32, and Mullin, 34, they understand that this might be their last chance to win a championship, and their faith is in Bird to lead them there.

Bird carries a heavy weight in his sport. As he tells it, he returned to the NBA after a five-year absence because he had run out of ways to pass the timerising at 4:30 in the morning to go joging and playing golf in the afternoon His 6-year-old son, Connor, had asked,

'Daddy, what is your job, anyway?''

He swears he will never coach another team after he's finished with the Pacers, who are based in Indianapolis, just a couple of hours from his fabled home-

town of French Lick (population 2.164).
He might admit to having foundered slightly in retirement, but the fans view him through the lens of memory. As be walked across the floor shortly before the game their cheers were like an echo six years old. You had only to look at their faces and the high price of their rickets to appropriate that many of them tickets to appreciate that many of them are fans because of the work Magic and Larry did in the 1980s. When fans complain that the younger

NBA stars lack in charisma or virtue, there is a little truth in it, for sure. But it also smacks of middle-aged grousing. The Bird-Magic rivalry created un-precedented interest, which in turn priced a new generation of fans out of the arenas. The people who cheer loudest for Bird are the same ones who keep attending Rolling Stones concerts.

Everyone who knows Bird is looking forward to spring, when the playoffs are under way. Can be endow the team with his spirit? Rarely are coaches' tactics credited in NBA championships, but the fans aren't thinking Bird will win with tactics. They're wondering if his players will eventually play like his ghost.

Ian Thomsen is a senior writer for Sports Illustrated.



The Spurs' Tim Duncan dunking over the Raptors' Chauncey Billups.

### Heat's 3-Point Accuracy Burns Mavericks, 91-72

The Associated Press

The Miami Heat made 59 percent of their 3-point shots to rout the Dallas Mavericks, 91-72, and extend the NBA's

ongest winning streak to eight games, Miami made 10 of 17 shots from 3point range Thursday night and beat the Mays for the 12th straight time. Dan

#### NBA ROUNDUP

Majerle was 4-of-7 from long range, including his 1,000th career 3-pointer. Knicks 102 Bucks 90 In New York, the injury-depleted knicks received a boost from reserves Brooks Thompson and

Terry Cummings against Milwankee.
Thompson scored a season-high I1
points and helped the Knicks pull ahead for good in the second quarter. Cum-

mings had a season-high 18 points. Nets 102, Kings 89 In New Jersey Sam Cassell had 25 points and 10 assists as New Jersey handed Sacramento its iting Golden State.

pean professional leagues but for many

In their eagerness to get away from

poverty, many sign for European

clubs without bothering to read the

contracts. Many find they are playing

in leagues below their standard, earn

far less than they expected or are tied

in Burkina Faso on Saturday, play in Europe's lower divisions. Seydon

Traore, a midfielder, was one of the

stars for the host nation's surprising

run to the semifinals of the com-

petition. He plays his club soccer in

Many of the stars of the African Nations Cup tournament, which ends

to clubs by long contracts.

the experience has been a bitter one.

rican players.

fifth straight loss.

Rockets 118, Timberwolves 98 in Honston, Hakeem Olajuwon scored 20 points, giving him 24,000 for his career, as the Rockets beat Minnesota to end a three-game losing streak.

Kareem Abdnl-Jabbar has the record for most career points, with 38,387. Michael Jordan is the leading scorer among active players, with more than 28,500 points.

Spars 97, Raptors 86 In San Antonio, Tim Duncan had 24 points and 11 as San Antonio won for the fourth time in six games without ailing David Robinson.

Jazz 108, Suns 97 In Salt Lake City. Karl Malone bad 28 points and 17 rebounds, and Chris Morris scored 20 points as Utah won for the eighth time in

Wizards 110, Warriors 87 Chris Webber scored 26 points and Tracy Murray 24 as Washington rooted vis-

## Conspiracies Rangers For Records Not Always A Class Act

By Mike Wise New York Times Service

As the last few minutes ticked away last April 14 in Philadelphia, Bernie Bickerstaff watched disgustedly from the sideline. The rookie Allen Iversion on instruction from his coach, had just hoisted another 3-pointer in a game the

76ers would lose by 21 points.

Bickerstaff, the Washington coach bad bad enough. Wanting the game to over, he told his players to back awas and let Iverson, who was trying to keep his string of 40-point games alive, shoot unobstructed.

"I understood what it meant for Affer and the organization, but I just wanted to get out of there," said Bickerstaff, whose team won the game, 131-110. "They kept calling time-outs to set up plays, and we were blowing them out. I didn't understand that. I was only upset because the game should have been over with."

From grooved fastballs to frivologe time-outs to free layups, the notion of athletes and teams conspiring to bolster or break records is hardly new. Sometimes it works and sometimes it doesn't Often enough, there are bruised feel-

Perhaps nowhere is the phenomenon-more prevalent than in the National Basketball Association, where several recent incidents have something in common with the Connecticut-Villanova women's basketball game Tuesday night. In that contest. UConn's injured stars

Nykesha Sales, was allowed to come on on the floor with a ruptured Achille, tendon and, with consent from the opposing Villanova team, to become the school's career-leading scorer by putting in an uncontested layup. But cooperation was not the theme on.

Jan. 12, 1996, when the Knicks were ou their way to a comfortable victory over Boston. The former Celtics coach M.L. Carr began calling time-outs to make sure that Dana Barros, who had made at least one 3-pointer in 39 consecutive games; kept his streak alive. The former Knicks coach Don Nel-. ISTET BALL

ELSTAD BOT

AND MATERIAL

son did not have a problem with the strategy, but he was going to have fun at Boston's expense and make sure Barros made the shot with a hand or two, or three, in his face.

In what deteriorated into bad comedy, he told the Knicks to begin doubleand triple-teaming the small Celtics guard. Barros took several off-balance shots from behind the 3-point line none of which went in. Nelson and the Knicks left the court like mischievous kids who had pulled off a prank.

Carr was incensed. He asked an official for the game ball, walked toward Nelson and lobbed it at his head from behind as he left the court. "It was a milestone for Dana, just like it was a milestone for Nykesba," Carr said Wednesday. "Dana will remember that forever, but for different reasons than he should have. Class was involved in both situations. One was a class act, and the other was no class."

Twn months after the Barros inci dent, Orlando's Anthony Bowie called time-out with 2:7 seconds to go in 3 game that the Magic had already wrapped up. The reason? Bowie wanted one more assist to give him his first triple-double. The Detroit coach Doug Collins was so angry that he waved his team to the side of the court; Bowie got his assist, but with no Piston anywhere

### in sight. **BYU Goes Into Pit**

The Associated Press

And Causes a Shock

Brigham Young shocked No. 16 New Mexico, 83-62, in Albuquerque to ent the Lobos's 41-game home winning

BYU (8-20, 3-10 Western Athletic Conference) hit a season high 12 3pointers Thursday to beat New Mexico (21-5, 11-2 WAC) and become the first visiting team to win at The Pit since Jan. 27, 1996, when Utah won, 82-64.

No. 5 Utah 71, Texas-El Paso 49 Michael Doleac had 15 points as No. 5 Utah won at Texas-El Paso. Utah (24-2, 11-2) came into the game trailing New Mexico by one game in the WAC's Mountain Division. New Mexico's loss set up the divisional showdown when the Lobos visit Utah nn Saturday. No. 2 Arizona 76, California 73 Mi-

chael Dickerson scored 21 points in the second balf, belping Arizona (25-3, 10) Pac-10) extend the nation's longwinning streak to 18 games.

#### POETIC INJUSTICE By Cathy Millhauser 87 Outdated poet 14 Unconfirmed Africa's Soccer Dreamers

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the French fifth division. Charles Aknnnor, a 23-year-old Ghanaian star, is nearing the end of five years with Fortuna Cologne in

the German second division. Akonnor says that when he signed the contract he thought it was for twn years, nnt five. Last year, he went in court in an attempt to win his release but lost the case.

'I had problems with my contract and I wanted to make a change after I received an offer from Kaiserslautern," he said. "I was very young and eager to go to Europe and play when I signed. I put all my trust in an African agent I didn't understand the German A Dutch agent, who asked to re-

main anonymous, said many players teams moved straight to a shoot-out.

#### suffered the same fate. 'They are so desperate to go that

Neglect to Read Small Print

OUAGADOUGOU, Burkina Faso The dream of becoming another they sign anything without under-George Weah or Nwankno Kano has standing or even reading it," he said.
"They think they are being offered a turned into an ordeal for many Affortune. But they don't realize that Dozens of Africans play in Eurothey will have to pay rent and they

haven't a clue about tax."

"Then they send all their money back home. They support their family, their cousins and their friends and often don't make a penny themselves. They struggle to pay their own bills."

"There are many agents who don't worry about whether the clnb will be suitable for the player. Quite often, the coach doesn't want them and puts them in the reserves." 'Germany is the wrong place for a

young African in any case to go because of the racism problem. Belgium or France is far more suitable." Akonnor said most of his salary went back bome. "You have to sup-

port your family," he said. Hossam Hassan of Egypt, the joint top scorer in the lournament,s, left the Swiss team Nenchatel Xamax becauseof his contract. "I hadn't really understood what I signed," be said.

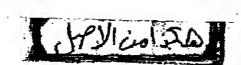
"Things are changing. The players are getting more used in this situation and they are becoming more careful. I don't think this problem is as bad as it used to be," said Akonnor.

· Congn took third place in the African Nations Cup after beating host Burkina Faso in a penalty shoot-out Friday. Burkina Faso bad led 4-1 after Ibrahima Talle scnred in the 86th minute. Congn scored three times in the next four minutes to tie the game 4-4. Extra time was scrapped and the

LIVE - Football - African Nations Cup Final

tune in tonight 5.00pm (CET)

Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite



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Paral HT W.

#### **SPORTS**

### New Coach For Rangers Starts Off With Victory

The Associated Press With Wayne Gretzky on top of his game, John Muckler came out on top in his coaching debut with the New York

Rangers.
"Wayne Gretzky was just amazing," Muckler said after the Rangers' 5-2 vic-

#### NHL ROUNDUP

tory over the Toronto Maple Leafs on Thorsday night.

Gretzky, the NHL's career leading scorer, had three assists for the 140th

time in his career. It was like old times for Gretzky and Muckler, who was on the coaching staff in Edmonton for all four of Gretzky's Stanley Cup victories. Muckler was hired to replace the fired Colin Campbell during the Olympic break.

Muckler watched his new team score more than three goals for the first time in

dreychok and Bobby Holik scored power-play goals to help New Jersey beat Tampa Bay for its fifth straight

The Devils were in a 1-for-16 powerplay slump on the road before going 2of-7 against the Lightning.

Holik's goal, his 24th on a shot from the left circle, broke a 1-1 tie in the second period. He added an empty-netter with 36.5 seconds left as New Jersey stretched its unbeaten streak to six.

Bruins 1, Sabres 1 With Dominik Hasek taking a post-Olympics break,



Coyotes in an Avalanche: A referee, Jay Sharrers, right, separating Phoenix and Colorado players during a second-period pileup in Denver,

Boston's Byron Dafoe and Buffalo's Wednesday night in Phoenix. Steve Shields put on a goaltending clin-

ic in Boston. Dafoe stopped 20 Sabres shots, losing his shutout bid when Alexei Zhitnik's shot was deflected through his legs with 46 seconds left. Shields made 32 saves, allowing only Ted Donato's goal in the second period.

Avalanche 3, Coyotes n In Denver. Patrick Roy stopped 27 shots for his 40th career shutout as Colorado completed a back-to-back sweep of

The Avalanche beat the Coyotes, 4-2.

Kings 7, Blackhawks 4 Glen Murray scored twice in a four-goal first period to lead Los Angeles to victory in Chica-

Vernon stopped 26 shots as the Sharks beat St. Louis, which lost goalie Grant Fuhr in the second period with a knee

Fuhr strained a ligament in his right knee while stretching to stop a shot. He came out of the game in the second period, having allowed three goals on 17

### Verplank Plays Golf by the Rules' Diabetic Player Waives His Right to a Cart and Walks Course

By Bill Plaschke Los Angeles Times Service

VALENCIA, California — He was at the course at 5:30 A.M. Thursday, hitting practice drives under a spotlight, riding a stationary bike, stepping to the

first tee just after dawn. Then, for 18 holes, Scott Verplank, a diabetic, did what he always has done on the Professional Golfers Association Tour, though he knows he would play better if he didn't

He walked. "Doctors say I have more reason than anybody to ride a cart," he said after shooting a 3-under-par 68 to finish among leaders in the first round of the Nissan Open at Valencia.

Sitting in the midday quiet of the locker room, he put his hands on his knees and stared at his shoes, sighing, weary. "But I won't do it," he said. "It's not the way

the game is supposed to be played." Meet the next Casey Martin; the anti-Casey Martin. He won't ride a cart, he says, because it's cheating. He says he knows this because, well, he has

In December, after Martin won the right to ride a cart in the Tour's six-round qualifying school, Verplank threatened legal action if everyone was not afforded the same opportunity. Officials relented and allowed all 168 golfers to use a cart. Verplank was one of about 20 players

to accept the offer. He won the tournament by six strokes. 'Never felt better," he said. "Would I have still won the tournament? I think so. But would I have won it by so much

and felt so good? No way." He says the grueling week in central Florida was so much fun, he wished a certain Oregon judge could have been

'While everybody else was standing blisters. Verplank said that like any dia-

I was sitting in my cart with my feet up," he said. 'I was only going to ride for a comple of rounds, but I got a ninestroke lead and thought, what the heck?

Why change a good thing?"'
Afterward Verplank parked his cart, picked up his Tour card, and vowed never to ride again. "It's a farce to say that having a cart doesn't change things," he said. "Because it does."

You tell him you agreed with the judge who this month ordered the PGA Tour to allow Martin to ride a cart in Tour events. You ask him to explain why, if a cart has so much effect, don't more players ride them on the Senior

PGA Tour?
"It's just not the way they were brought up; it's not who they are," he

said. "I'm the same way." Verplank, 33, became a full-time pro shortly after winning the 1986 NCAA championship for Oklahoma State. In 11 years since then, he has won two tournaments, none since 1988. He has never won more than \$366,045 in a season, which is less than a first-place check at

many tournaments this season. As a golfer he needs all the help he can get. Furthermore, he has been battling diabetes since age 9. He is the only diabetic on the PGA Tour and takes three shots of insulin daily. He eats several meals, even on the course during

tournaments. "My golf bag is like a grocery store," he said. The black-and-white monstrosity is filled with crackers, raisins, sandwiches, granola bars. Usually there is enough food to keep his blood sugar in check. But when there is not, he can play two or three holes in a haze, sometimes shaking. "I'm just drained," he said.

As if those situations weren't enough to warrant a cart, then there are the

around and waiting to hit their next shot, betic, font conditions can became exacerbated because of circulation problems. "Casey Martin talks about losing a leg. Well, with diabetes, I could lose my leg and my life," said Verplank, who has

also had three elbow operations. Yet when he met here with Tim Finchem on Wednesday, and the PGA Tour commissioner asked what he was going to do about the cart situation, Verplank

answered in one word: Nothing. "I told him that for now, unless my health declines or the Tour loses the appeal, I'm walking," he said. "Golf is the one sport where everybody is not out there trying to get around the rules, and I'm proud of that, and I want to keep it

Tanght golf by his grandmother in Texas, subjected to scolding if he was ever less than a gentleman, Verplank

does more than merely talk the rules. A couple of years ago in Japan, he fell out of a tie for a tournament lead with four holes remaining when he penalized himself a stroke for an infraction that nobody had seen but him. His ball had moved an almost imperceptible amount when he placed his club on the ground behind it before a short putt. "Hardly anybody spoke English, so they didn't understand what I was doing," he said.

"I kept saying, "I got a bogey" and they kept shouting, "No, par, par." Then there was the time he played the wrong ball from the rough, but because his partner was using the same ball, nobody noticed. But Verplank did and, much to his caddie's surprise, announced his mistake and two-stroke penalty. It dropped him from 12th to 60th. And Casey Martin? What does Ver-

plank wish for Casey Martin? Well, he's never actually met him. "As a human being, I admire his courage," he said. "But golf is about the integrity of the playing rules."

### SCOREBOARD

#### BASEBALL EXHIBITION BASEBALL

#### BASKETBALL NBA STANDINGS

### (Dovis 111, Assists—Golden State 20 (Bogues 8), Weshington 25 (Strickland 13).

Assers—Minoukee 18 (Allen 5), N.Y. 27 (Word 10), Secrementa 22 25 20 22—99 New Jersey 28 24 24 26—102 S. Williams 12-18 6-8 30, Richarda 9-19 2-3 22; N.J.; Crassell 9-18 7-7 25; Williams 5-10 10-11 20, Rahouada—Socramenta 45 (Thorpe 10), N.J., 28 (Williams 16), Assists—Socramenta 25 (Johnson 7), N.J. 21 (Cossell 10), Dellies 15 15 27 15—72 Adlouri 26 19 29 18—91 D: Finley 10-18 10-12 31, Davis 5-9 1-1 13: M: Hardowny 8-14 1-2 20, Moorning 7-132-5 16. Rehounds—Dellies 44 (Bardley 10), Micani S8 (M.Shickland 19), Assists—Dellies 13 (Davis 4), Mionil 22 (Hardowcy 8), Milanesolu 19 24 26 29—98 Huuston 23 34 21 30—118 M: Roberts 7-10 2-3 16. Morbury 7-16 2-2 16: H: Outowon 8-13 4-20, Willis 6-13 3-3 15.

M: Roberts 7-102-3 16. Marbtry 7-16-2-2 16. H: Otolowon 9-13 4-4 20, Wilk: 6-13 3-3 15. Maloney 5-12 2-2 15. Bartley 7-11 1-4 15. Reboends—Minnesota 50 (Roberts 10), Houtston 49 (Bartley 13), Assists—Min-nesota 16 (Marbtry 5). Houselds—Min-nesota

MAJOR COLLEGE SCORES

Arizona 76, Colifornia 73 Uteh 71, UTEP 49 UCLA 78, Washington St. 75 Syrocuse 76, Pitisburgh 61

### ICEHOCKEY **NHL STANDINGS**

LASTERN CONFERENCE

Torquite 19 30 8 46 133 169

PACINIC DIVISION

TORQUITE 11 13 16 78 179 140

Los Angeles 27 20 10 64 169 151

Son Jose 22 28 7 51 142 153

Edmonton 20 28 10 50 146 166

Andreim 19 29 9 47 139 176

Colgory 16 30 11 43 149 178

Vancouver 17 33 8 42 158 205

TRUCKERDAY RESULTS

Buffels

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Buffels 20thtalk 8 (Donne, Peco) Overfines:

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Boston 13-11-8-1-33. Geodless: Buffels

Shields, Boston-Dafve.

Shields, Boston-Dofoe.

New Jersey

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Trempe Bay

1sf Periods N.J.-Androychuk 11 (Gilmoor,
Medomrayer (pp), 2d Periods T-Lengtow 7

(Sellvanor) 3, New Jersey, Holik 24

(Niedemroyer, Sykora) (pp), 3d Periods N.J.
Rolston 12, 5, N.J.-, Holik 25 (Souroy,
Brodeur) (en), Shots on god: N.J.-, 13-11
10—34, T. 3-12-7—22, Goulles: N.J.-, Brodeur,
T-Strandtrott.

### Toresito 0 2 0—2 1si Period: New York, Sendatrom 12 (Grektov, Kovolev) (pp). 2d Period: New York, Kovolev 10 (Leekth, Gretzloy) (pp). 3. T-

York, Kovalev 10 (Leekth, Gretzky) (ppl. 3, 7Modin 12 (D.King, Brown) 4, T.-, Modin
(D.King, Sullivan) 3d Peried: New York,
Sundshom 13 (Gretzky, Driver) 6, New York,
LaFonkuine 21 (Samuelsson, Sweeney) 7,
New York, Groves 18 (Leekth, LaFonkuine
Shols on geut; New York 6-513—25, T-6-139—28, Goolles: New York, Richter, T-Houly,
Los Angoles
4 1 2—7
Chlomes

Les Angoles

4 1 2—7
Chicage

1st Period: L.A.-Murroy 18 (Bloka,
Tsyplokov) (pp), 2. L.A.-Murroy 19 (Zmolek,
Slumpel) 3. Loe Angles, Moger 9 (Boucher,
O'Donnell) 4. L.A., Slumpel 18 (Tsyplokov)
5. C-Doze 22 (Chelios, Zhamnov) (pp), 24
Poriod: L.A.-Perresult 22 (O'Donnell) (pp), 7.
C-Amonde 21 (Zhamnov) 8. C-Lenoux 5
(Weinsich Should) 3d Period: L.A.-O'Donnell
1, 10. C., Moreau 5 (Chelios) 11, L.A.-Snumpel
19 (O'Donnell) (pp), Shelt seg gest: L.A.-13-5-34. C-3-13-9—25, Geolies: L.A.-Chobot.
C-Hockott, Traffloy,
Phospace

8 0 6—0

Colorado

1st Period: None, 2d Period: C-Foote 2
(Fosterra) 3d Period: C-Lucrob; 14 (Martha,
Kamensky) (pp), 3, C-Deodmarsh 16 (Krups,
Martha) Shebs as good: P- 7-10-10--27, C- 1711-7--35. Geodies: P- Khabibulin, C-Roy'.
St. Loeis

Period: S.J.-Ricci 7 (Rothje) 4, S.J., Molter 10 (Zywin, MocLean) 3d Period: None, Shels on good: S.L. 99-9-27, S.L. 10-11-6-21 Goolles: S.L. Futts McLennor, S.J. Vernor. CRICKET

WIST MOIES VS. ENGLAND POURTH TEST, FIRST DAY AT LUNCH MIW TYALAHD VS. XIMPARWI NO TEST, SECOND DAY FRIDAY IN AUCKLAND, NEW ZEALAND

### SOUTH AFRICA SECOND TEST, SECOND DAY FRIDAY IN DURBAN, SOUTH AFRICA Islon: 259 and 11-1 in Africa: 231.

### RUGBYUNION

### SOCCER

AFRICAN CUP OF NATIONS PRIDAY IN OKIAGADONIGOU, BURKINA FASO

SEMPTHAL, RETURN L.
Real Zorogoza Q, Barcelono 0
. Baccelono won 5-2 on oggregate
Mallonia in final.

### TRANSITIONS

NFL—Announced on profiler has pesignated Minnesola RB Robert Smith and Buffala Bills NT Ted Washington transition players.

NATIONAL HORSEY LEAGUE
DETROIT—Matched the Carolina's offer
short to Csergel Federate.
Topogram—Agned to ferms with C Mats
Sundin an 4-year compact.

#### TENNIS AUSTRIA OPEN

QUARTER PALE rique Van Roost (4), Bel. det, Subine ans (7), Bel., 6-2, 7-5. Iva Majali (2),

nd (7), U.S., 7-6 (7/3), 4-

#### COLUMN COR FRIDAY IN LONDON

ink Neth, def. Marc-Keyl John Stementar, Nearly ton, many-passes, Goelliner, Ger., 6-3, 6-4, Yavgeny Kofstolkov Ch. Russ def. Tim Henmon, Brit. 4-6, 6-4, 6-2, Cedric Pioline, France, del. Karel Kucera

### WEEKAHEAD

SATURDAY, FEB. 28

ATHERTICE, Volencia, Spain — European Indoor champlonships; Sydney, Awstralia — Sydney Classic; Mornbasa, Kenya — World Cruss Courity Challenge, Alfonia — U.S., Indoor Championships, to Feb. 28.

U.S. Indoor Chompionships, to Fels, 28, AUTO RACEMO, vorious sites, Kenya-2-filter World Cup. Kenya Rolly, to March 3. CRIGOET, Georgelowik, Guyana — West Indies vs. England, 3d test, to March 3: Auto-Louis vs. Zimbolowe, 2d test, to March 2: Durban, Sobil Africa — South Africa vs. Pakistan, 2d test, to March 1: Pacific Pakistan, 2d test, to March 1: Pacific Polistodes, Cultifornia — men, Nasan Open, for March 1: J. Gold Coast, Australia — women, Australian Lodies Marchan, 10 March 1: Recent Verson, wrious sites — Sapet 12: Northern Transvarl vs. Golden Cots: Coastal Shates vs. Auckland; The Chlets vs. Constraints.

angunea, Yong Pyung, South Korea — men, Alphae World Cup, glant statent Sop-pora, Jopan — Nordic Combined, World Cup, to March 1, Chalet, France — Freestyle World Cup, dud mogulu, gerfals, to Morch 1, assowies antonia. Oberstiort Germany

World Cap, gloat stators, parallel stators, burdled stators, to Feb. 28.

SPERDWAY, Gotherburg, Swede World team fee racing championship fin

March 1.

\*\*BOCCSR\*, Overgodouges, Burking Fess —
African Cup of Notions fines
\*\*TEMPER\*, London — men. Guerdien Direct
Cup, to March 1: Philodelphila, Pennsylvania
— men, Advaria Champtorships, to March 1:
Linz, Assiria — women, Austrian Open, to
March 1: Ottahoma City, Ottahoma — women,
(GA Tatwis Classic, to March 1.

#### SUNDAY, MARCH 1

woles vs. ACT.

sactition, Yong Pyong, South Karea —
men. Alpine World Cup. slottom: Southoch,
Austria — women. Alpine World Cup. slotom: Southoch,
Austria — women. Alpine World Cup. slotom.

Jonestry
Cup: Japon vs. South Kurear China vs. Hong MONDAY, MARCH 2

### Tawasa, Rofterson, Neiherlands—men, ABN-AMRO World Termis Tournement, to March & Scottsdole, Artzons — men, Frunkin Templetan Templetan

TUESDAY, MARCH 3 BLATHLON, Politika Slovenia - World SOCCES, verious sites — UEFA Cup-quarterfluots first leg.

WEDNESDAY, MARCH 4 constant, Christchurch - 1-day later-

**POCCUR,** various siles — European hampions Cup, quarterfinats, first leg: Yoko-rand, Japan — Dynasty Cop: Korea vs. Chi-le, friendly: Japan-Hong Kong.

THURSDAY, MARCH 5 casottatt, Kampur, India — India vs. Australia, Isthest to March 9.

occur, Doha Qular — men, Qular Masters to March 8 Miani — men, Doral-Ryder Open, to March 8 Cambetre, Australia — men, The Tour Championship, to March 8.

sexuate, Medingen-Hadileer, Sultandard, —Freestyle World Cop. ocrosid, cerials, deal singuis, to March 7.

soccure, various sites — European Cup Warners Cup, quarter timats, first leg.

"WILY?" YOU ASK!

NAY DO WE

### FRIDAY, MARCH 6

CRICKET, Port Elizabeth South Africa-CHROKEN, Port Euzobern South Artica-South Africa vs. Petisian, 3d test to March 10; Naging, New Zealand — 1-day Interna-fianal, New Zealand vs. Zimbotwa, PEGUTUS SEKATTHEN, Lausanne, Switzer-land — Junior Series Final, to March 8, GOLE, Shimajiri, Japan — women, Dalkin Orchid, to March 8,

proud, to Marcu B.

mudary Sunosi, various sites—Soper 12:
forthern Transvaol vs. Wellington, Conten-tory vs. New South Water, ACT vs. Otago.

sitana, Lotti, Firdan — Nordic World Cup. cross-coordry, 40K relay men, 20K relay women, 15K women, to March 7. secownsOAREMING, Les Gals, France — World Cup. to March 7.

SATURDAY, MARCH 7 ATHERTICS, Macbashi, Japan — 198 Gunna International: Ithera, New York — IC4A Indoor, to March B.

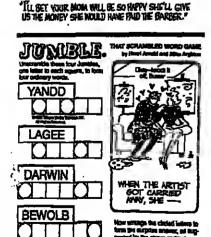
ICAA Indoor, to Morch B.
setolary Userson, various sites — Five Noflors: Woles vs. Scatland: Frasco vs. Indonct
various sites — Super 12: Queensland vs. The
Chiefs, Coastal Sharks vs. Western Produce.
secesses, Kyöffell. Norwdy — seen, Alpine
World Cup, downlift: Lohit, Finland — Nordic
Combined, World Cup: Mordins: France —
worker, Alpine World Cup, downlift.
secu Justiffell. Setu Justiffell.
secu Justiffell. Lohit, Finland — World
Cup, 114 hill to Morch B.
sersons-Skattena. Intell. Germany —

World Cup, to March 8.

SUNDAY, MARCH 6 CONSCREET, Auckland, — 1-day interna-tional, New Zendond vs. Zimboshwe. SKENEG, Krilifell. Novery — met. Alpine World Cup. Super-G: Mozzine, France — women. Alpine World Cup. super-G: Lainti. Finland — men. Nordic World Cup. cross-county, 20K.

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GOING OUTSIDE, GARFIELD

OKAH'













#### BEETLE BAILEY WE SHOULD BE ABLE WHAT'S THE WHY ARE WE MARCHING SOMETHING ABOUT A 7AM. TEE TIME AREA WAY OVER HEREZ



TO GET THIS FAR

BY SUNSET













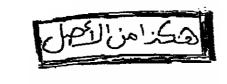


RISKING LIFE AND LIMB! LOOKING DEATH STRAIGHT









#### **DAVE BARRY**

### Tax Advice - for Humans Only

MIAMI — It is time once again for our annual feature "Tax Advice for Humans," the column that explains the complex U.S. tax laws to you in simple, everyday terms that have virtually nothing to do with reality. This is the only tax-advice column that has the courage to give you the following writ-

ten guarantee in writing:
"If, as a result of following the advice in this column, you are for any reason whatsoever confined to a federal prison, we will personally come and live in your house, until your refrigerator is out of

'So let's get started! Most likely the foremost question in your mind, as you prepare to fill out your federal tax forms, is: "Can I cheat?" A lot of taxpayers are thinking that this is a good year to take advantage of the Internal Revenue Service, because of the way it got hammered in those con-gressional bearings last September. Remember? One by one, taxpayers went before the Senate Finance Committee and told alarming stories like this: "1

got a letter from the IRS computer stating that I owed taxes back to the year 427 B.C., which seemed like a mistake, plus the letter addressed me as 'The Dionne Quintuplets,' so 1 went down to the IRS office to straighten things out. and the next thing I

knew I was being dangled from a heli-

Copter by one leg."
When the nation heard these stories, everybody was outraged. The IRS formally apologized to the taxpayers and ordered the dismantling of the agency's primary guillotine.

So a lot of people are thinking that this year, while the IRS is under fire, is a good time to "play fast and loose" with their tax returns, and maybe even get revenge for the years of abuse hy yanking the IRS's chain a little hit. One leading tax-preparation firm, which I will not identify here except by its ini-tials, "H" and "R," has gone so far as to write taunting remarks in the margins of its clients' tax returns, such as:

• "Hey Audit Breath! If you don't believe 1 spent a 100 percent deductible total of \$224,123 on Pez, perhaps you would like me to complain to the Senate Finance Committee?

"No I shall NOT enclose Form
 10448275-J! I shall use Form
 10448275-J for INTIMATE HYGIENE
 PURPOSES HAHAHAHAHA

This kind of thing is, of course, a lot of fun, but we are not recommending it. What many people do not realize is that, after the IRS finished publicly apologizing to the taxpayers who testified against it last September, it quietly

tracked them down and relieved them of all of their worldly possessions, including comeas.

So we are not recommending that you cheat. You should heed the words of IRS Commissioner Charles Rossotti. who, in this year's Letter to Taxpayers, states: 'Every citizen owes it to the nation to pay his or her fair share of taxes, unless of course he or she has made a whopping cash contribution to a key congressperson or President Bill 'Mr. Coffee' Clinton or Vice President Al 'I Honestly Thought That They Were Just A Bunch Of Very Wealthy Bnddhist Nuns!' Gore."

Here are some questions that you are likely to ask in preparing your tax re-

turns this year Q. Did the government change the tax

laws again?

A. Ha hal That is the stupidest question we have ever heard! Of COURSE the government changed the tax laws!

The government had no choice! The

government found out that, despite the fact The law explained that the U.S. Tax Code is larger than the entire in simple, state of Connecticut, there was still one U.S. everyday terms taxpayer, Norbridge K. that have nothing Trongle Jr., who was able to correctly preto do with reality.

> The government considered handling this threat to the national security by sending a B-2 Stealth bomber to destroy Trongle's house and financial records, but the Air Force vetoed this plan because of the risk that the \$2 billion plane would be brought down by Trongle's lawn sprinkler. So the House and Senate Joint Tax Mutation Committee swung into action and made a number of significant changes to the Tax Code, which you need to know

pare his own tax.return.

Q. What, specifically, are these

A. Nobody knows. Q. How many taxpayers will have their total income-tax payments, for the entire year, used to provide food, housing, transportation, medical care, Secret Service protection and chew toys for Buddy, the new White House dog? A White House spokeshuman Mike

McCurry says that the "best estimate" is currently "around 300 taxpayers" but notes that this number could rise significantly "if Buddy is implicated in this Whitewater thing.'

Q. In your opinion, what is the single most common error that I am likely to make, as a taxpayer? A. In our opinion, that would be having "light" beer in your refriger-

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### Courtyards: The Paris Behind the Portals

By Mary Blume

PARIS — Something there is in the French that loves a wall. They think they crave intimacy but they indulge the lesser demands of distance: the word promiscuity means what it does in English, the French promiscuite means crowding or lack of privacy.

The sense of privacy, whatever its motives, is in Paris a source of visual delight: the sudden view of a hidden and unconsidered place. The present show at the Pavillon de l'Arsenal, "Paris cote cours: La ville derriere la ville" (Court-yards of Paris: The City Behind the City), deals simply with the many courted, others unknown, all by

their nature cut off from the stranger's eye. To say it deals simply is not quite right for Arsenal shows since they are aimed at architects and urban planners and the catalogues are written in contorted jargon, unrelieved by the canned birdsong against which

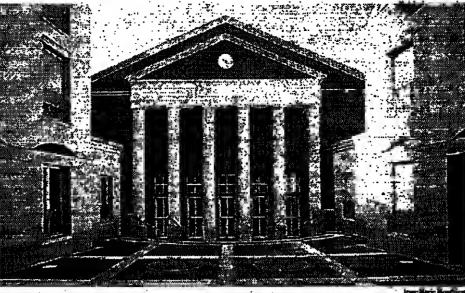
Of course, the specialists had a problem, not expressed but apparent, and that is how a courtyard should be defined.

The Cour de Rohan near the Odeon seems to qualify although it is in fact a short street; in Pigalle the street where Jean Renoir lived is mentioned as a courtyard although its name is Avenue Frochot. And there are the endless passages, impasses, allees and even cites that are deemed courts. Even Pierre Larousse compiling his dictionary in the 19th century tended to fudge the issue and so varied are the examples that today's architects use the old word redan, or fortification, instead of cour.

For the untutored pedestrian, a Paris courtyard is usually discovered by accident because a front door has been left open: smallish, with uneven cobblestones, and a concierge's loge with ivy growing up its walls and, in summer, vacationing tenants' geraniums thriv-ing in front of the concierge's door. They are won-derful, surprising and can be found throughout this city; they are more part of the lens of Robert Doisneau than of modern theorists who refer to them, as a professor of architecture does, as "a structured void."

The courtyard escapes controls. It is the opposite of the town, a sort of protected parallel world. . . . In courtyards a different sort of city appears, as if in reference to another time," the contemporary ar-chitect Alexandre Chemetoff writes. "The courtyard exists hy contrast, it shows a hidden city, secret, reserved, in contrast to the strict alignments of boulevards and places."

There is the disappearing glass and iron rectangular countyard of artisans' workshops, as at 13 rue Titon in the 11th arrondissement, and the grand countyard Helena Rubinstein had hulb by Louis Sne in 1934-7 at 24 Quai de Bethune. There are the institutional countyard of convents and prices. the institutional courtyards of convents and prisons (one of the contributors, Jean-Pierre Le Dantec, spent nine months in the Sante prison for alleged "revolutionary activities"). There are the courtyards of The Cite Fleurie, a classic Paris hideaway.



yards of Paris, some celebrat- A modern courtyard treatment: The Abbesses theater in the 18th arrondissement.

laid out simply to cover underground parking came a shared public convenience and the collecting

The first courtyards in medieval Paris were built on the rural model and centered on a common pump. For Victor Hugo the 14th-century Cour des Miracles (near the present Rue Montorgueil) was a sort of garbage dump/red-light district/asylum whose name may have come from the false lepers and epileptics recruited by priests to effect miraculous cures and thereby reinforce public faith.

By the late 17th and 18th century the Paris of wood



had become a Paris of stone. Fine town houses, or hotels particuliers, were backed by a garden and with a forecourt that served as stable and passage to the noble dwelling and separated it from the noisome

In the 19th century, with the invention of income-producing apartments and private houses, the profit motive inspired the shape of courtyards. They became a means of separating a large building into smaller units with different ataircases and elevators and thereby eliminating dreaded promiscuite. While earlier the windows that gave on the street were the most coveted, it was realized that by putting larger light-catching windows in courtyard apartments and decorating the courtyards rents could be handsomely in-

modern office and apartment buildings, true redans creased. In poorer neighborhoods the courtyard bespot for night soil, slops and used water. In 1894 a decree was passed demanding that landlords connect their buildings to the public sewer, a measure they

deemed excessively hygienic and possibly socialist.

The Modernists of the 20th century had little time for courtyards; nor did the architects of post-World War II Paris. "The huilding space was viewed as such, without metaphorical meaning," the architect Eric Lapierre writes. Architecture without metaphor in unthinkable in Paris.

Christian de Portzamparc, one of France's top architects, says that early in his career when he entered an architectural competition, he was told he was wrong to think that hollowed out space could have architectural value. These days the courtyard is back in favor as a metaphor and architectural fea-

Every tall new building has a courtyard of sorts. some agreeable, some with wishfully redeeming planting so stiff that it looks as if it had been cut by barbers' clippers. A void, but not what Portzamparc had in mind.

Interestingly, the sketches that Portzamparc and the highly regarded Henri Ciriani contribute to the catalogue are not of their own huildings hut of the small old cobblestoned courtyards that one falls on by happy chance.

They are among the glories of Paris: "Paris is a city of courtyards as others are of towers or parks or water," says the exhibition's curator, Pierre Gang-net. "A transitory space, then, where private and

public mingle," says Le Dantec.

The mingling is more metaphorical than real, Just the other day a couple of tourists walking up Ruc du Bac spied a fine open courtyard backed by a glade of lovely trees. .

They wandered in and were shortly stopped by a furious guard, "You can't come in this is a ministry," he said. He didn't get it when the tourists started to laugh. It was a ministry, all right, but the Ministry of Tourism. "It is because courtyards are sites of memory that they are sites of freedom," Chemetoff writes in the catalogue. Not if you are a



Sewell: "I don't want to be a good-looking actor."

### Rufus Sewell's Recurring Dream: Breaking the 'Byronic' Stereotype

By Sarah Lyall New York Times Service

L 'Byronic' so often that he has begun to have a recurring fantasy. He will shave off his rich, dark curls and begin his acting career again, typecast this time as an unpretty skin-

"I don't want to be a hair actor," he said over lunch at the fashionable Ivy restaurant, at a prime table that befitted his status as a local star who just happened to have two films -"Dangerous Beauty" and "Dark City" opening within a week of each other.

Neither his rumpled, all-black clothes nor his unbrushed hair and unshaven chin dimmed the impact of his most prominent features: his enormous, slightly protruding greenish-hazel eyes and finely chiscled cheekbones. "I don't want to be an actor who's good-looking. I'd like to be as goodlooking as I can, but I don't want to be a goodlooking actor."

He went on: "It's not that I'm against being called Byronic, but it's certainly no truer than anything else. You don't want to hear it more

with Kate Winslet at this very restantant hat actor." journalist, has some reason to be concerned about show business's looks-ist tendencies.

Just as Colin Firth, another appealingly unkempt British actor, hurst into the public consciousness when he emerged from a lake in a wet poet's blouse in the BBC version of "Pride and Prejudice," so Sewell, 30, has found the public - particularly the female public - most responsive when he wraps his hrawny, six-foot-tall physique in a frock coat and tight Edwardian pants.

Most memorably, the roles that have called for such display have included Septimus, the dreamy tutor in Tom Stoppard's 1993 play, "Arcadia," onstage in London, and Will Ladislaw, Dorothea's passionate, unconventional suitor in the BBC's adaptation of George Eliot's "Middlemarch" (1994).

Casting Sewell in "Arcadia" was "a stroke of luck for us," said Stoppard, who

couldn't resist evoking a certain Romantic British poet. "He was Byronic, with a very acter in 'Arcadia' could have got off to a better murdered woman, not knowing where — or way it doesn't worry about the why and start. Is Rufus a sex symbol? Well, good for who — he is. And in "The Woodlanders," bow, hut just says, 'This is the way it is.'

Sewell, who was once seen smoothing him, but he's also an extremely accomplished adapted from the Thomas Hardy novel and is out in Britain, be plays Giles Winterbourne, a

acters, like Patsy Kensit's charming, heroin-addicted boyfriend in the movie "21," a suspected Irish Republican Army terrorist in Stephen Daldry's 1995 London revival of the play "Rat in the Skull," a sexy painter in the film "Carrington" and a sensual rube in "Cold Comfort Farm." But he worries about being pigeonholed as a romantic lead in roles for which he feels he doesn't have a particular

He needn't worry anytime soon. The films in which Sewell is appearing currently display

bis versatility. In "Dangerons Beauty," he plays Marco, a dashing 16th-century Venetian nohleman who chooses love with a beautiful, spirited and brilliant courtesan, played by Catherine McCormack, over dnty with a plain and pions wife. This is a film that brings him close to his

reluctant Lothario image. In "Dark City," a film that is part noir, part science fiction, Sewell plays a bewildered good comic instinct. I don't think the char- American who wakes up next to the body of a

childhood sweetheart (Emily Woof), who marries above her station and learns, too late,

that she has chosen the wrong man.
"Dark City" is clearly a departure for Sewell. It's a surreal, almost hallucinogenic, work set in a world of eternal night where an cerie group of deathly pale creatures in leather overcoats are conducting sinister experiments with buman memory. The cast includes Kiefer Sntherland as a sickly doctor, William Hurt as a world-weary police detective and Ian Richardson as the leader of the supernatural villains.

While this strange film may not have wides appeal, it could attract a cult following. Sewell, who clearly loves going to the movies as much as he loves acting in them, described it as a "Fritz Lang science fiction film."

"That's what I loved about it," he said, 'that it's a strange mix of styles. When I read the script, it reminded me a little hit of 'Brazil,' a little bit of Barton Fink, a little hit of 'Jacoh's Ladder.' What I like about it is the way it doesn't worry about the why and the

### **PEOPLE**

THE actress Pannela Anderson Lee of emotional distress, and causing Brandon kins. Steel would not give a date for the emotional distress." Tommy Lee was wedding but said it would be small. vorce from Motley Crue's drummer, Tommy Lee, after he was arrested for allegedly assaulting her. In her petinon, she asked for custody of their two young children, a protective order keeping him away from her and the children, and her old name back — Pamela Denise Anderson. She said the couple had separated on the day of the alleged assault. Tuesday, at their Malibu home, where Pamela Lee told deputies that she and her husband had argued and that he had attacked her. The actress declined medical treatment, and her publicist initially issued a statement calling the incident a "private matter between Pamela and Tommy Lee." But later she issued a distinctly different statement: "Tommy Lee assaulted and battered Pamela while she was holding their 7-week-old child. Dylan, and in the presence of their 20month-old son, Brandon, causing her will marry for the fifth time, this time to

charged with spousal abuse, child abuse and a firearms violation. He is currently on two years' probation for a conviction on a battery charge.

The New York Philharmonic has announced that Kurt Masur will continue as its music director through the 2001-2002 season as the orchestra looks for his eventual successor. Masur, 70, the Philharmonic's music director since 1991, fueled gossip in music circles when he complained that the Philharmonic was pressuring him to retire. He told The New York Times that he would help search for his replacement but might stay on longer "if we don't find someone."

The romance novelist Danielle Steel and Dylan physical injuries and severe the venture capitalist Thomas J. Per-

Amistad Documents Are Sold at Auction

The Associated Press

NEW YORK — Two documents relating to the Amistad slave rebellion of 1839, the subject of the recant Steven Spielberg film, have been auctioned

A "Congressional document" fitled "Africans Taken in the Amistad," dated a year after the mutioy, went for \$2,990, and a first-edition text of an 1841 argument before the U.S. Supreme Court by Roger S. Baldwin was sold for \$2,530.

unidentified, said a spokesman for Swann Galleries Inc.

other mce-related historical events.

The buyer of both items was an autograph dealer who chose to remain

'If these are originals, they are very significant documents," said Donald

DeVore, executive director of the Amistad Research Center at Tulane Uni-

versity in New Orleans, a repository of records and memorabilia of that and

Work-release must cease for Robert Downey Jr. So says the Los Angeles County Sheriff's Department, which opposes any more escorted excursions for the actor, who is serving a six-month jail sentence for drug violations. Downey has twice been allowed to leave jail for a day to work on movies, tnost recently on

Feb. 17, when deputies escorted him to Paramount Studios to do some recording. "It's too disruptive and not the way to operate a jail for the convenience of any inmate, no matter who that might be,' Sheriff Sherman Block said. Downey had been ordered to pay for the escorts.

The Spice Girls have no plans to perform at an Indian archaeological site famed for its crotic sculptures, a spokesman said. A newspaper report last week about the group's planned performance sonal memoirs, political confessionals man said. A newspaper report last week in November in the central Indian town and "nonfiction novels," truth is comof Khajuraho drew protests from a leading exponent of Indian classical dance. But the group's London-based public vividly written stories that are easier to here a week ago and it was not true."

The cosmologist Stephen Hawking will give a lecture at the White House next week on "science in the next millennium." Hawking, author of the bestselling "A Brief History of Time" and the Lucasian Professor of Mathematics at Cambridge, will address 160 guests at Capote. the second of President Bill Clinton's "millennium evenings." the university

### Where Are the Boundaries of Nonfiction?

By Doreen Carvajal New York Times Service

NEW YORK — In the freuzied commerce of best-selling books, truth is stranger than fiction, no matter how dull or stubborn the facts.

When John Berendt needed a transition for his nonfiction best-seller 'Midnight in the Garden of Good and Evil," he made up sancy dialogue for his charismatic real-life character, Lady Chablis, who shows up at a formitous point in the narrative to break the news get it right, you really do suffer with the of a murder.

"I call it rounding the corners to make a better narrative," Berendt said of the fictional polishing he employed in the book, a 1995 Pulitzer finalist that is a record-breaking perennial on best-seller lists. "This is not hard-nosed reporting, because clearly I made it up.

ing under increasing pressure in the publishing industry's quest for entertaining. relations agency said, "That story broke market with the stamp of authenticity.

The genre of nonfiction novels was established more than 30 years ago with 'In Cold Blood," Truman Capote's account of the murder of a small-town Kansas family and the execution of the killers. The author bragged that he had created a new literary form, but the book's accuracy has since been called into question in a new oral history of

The hlurring of the line between fiction and nonfiction has prompted public appeals for just the facts and led to a The author John Berendt.

the truth is a form of literary rohbery.

"More and more, the public expects confiction books to be like this: to have that perfect, seamless storytelling quality," said H.G. Biasinger, the author of the new nonfiction book "A Prayer for the City" who has been publicly critical of what he labels "faction." "That's an Listens to Horses" (Random House). impossibly high bar." He added: "Writing books is hard. And if you're trying to

quiet debate within at least one pub-lishing company, Random House, and through a lot of days of depression and questions about whether tinkering with self-doubt, but one thing I was not going

to do is make it np." Outraged relatives of Monty Roberts. a California horse trainer who hills himbest-selling memoir, "The Man Who Listens to Horses" (Random House).

In his book, Roberts contrasts his sometimes brutal upbringing hy his father, Marvin, with his gentle rapport with horses, a style be started to develop at age 13 during a Nevada roundup of wild horses.

Monty Roberts's family — particularly his brother, Larry — has de nounced his claims that his father regaularly beat him and has denied that the Nevada roundup ever took place.

Indeed, facts large and small in the book bave been challenged by a wider circle of friends and acquaintances in Salinas, California, including the family of Bill Dorrance, a respected horse trainer whom Roberts describes in a dedication as one of his cherished teachers.

"My dad really never had an asso-ciation with him," said Steven Dorrance, whose father is in his 90s. know the publishers have deadlines to meet, but really there hasn't been any verification. Nobody ever called to check with my dad. Whatever be wrote In turn, Roberts dismisses criticism of

his book as part of a general effort "to discredit me because of exposing my

